Agriculture and Food

Annual Report 2007-2008

Alberta

Agriculture and Rural Development

Annual Report
2007 – 2008

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Preface

Public Accounts 2007 – 2008

The Public Accounts of Alberta are prepared in accordance with the *Financial Administration Act* and the *Government Accountability Act*. The Public Accounts consist of the annual report of the Government of Alberta and the annual reports of each of the 20 Ministries.

On March 12, 2008, the government announced new ministry structures. Since the 2007-2008 fiscal year was substantially completed prior to this announcement, ministry annual reports and financial statements have been prepared as if the restructuring took place on April 1, 2008, to provide proper accountability for the 2007-2008 fiscal year against the original business plan.

The annual report of the Government of Alberta released June 24, 2008 contains Ministers' accountability statements, the consolidated financial statements of the Province and the *Measuring Up* report, which compares actual performance results to desired results set out in the government's business plan.

This annual report of the Ministry of Agriculture and Food contains the Minister's accountability statement, the audited consolidated financial statements of the Ministry and a comparison of actual performance results to desired results set out in the Ministry business plan. This Ministry annual report also includes:

- **the financial statements of entities making up the Ministry including the Department of Agriculture and Food, regulated funds, provincial agencies for which the Minister is responsible,**
- **other financial information as required by the *Financial Administration Act* and *Government Accountability Act*, either as separate reports or as a part of the financial statements, to the extent that the Ministry has anything to report, and**
- **financial information relating to trust funds.**

Minister's Accountability Statement

The Ministry's annual report for the year ended March 31, 2008, was prepared under my direction in accordance with the *Government Accountability Act* and the government's accounting policies. All of the government's policy decisions as at August 28, 2008 with material economic or fiscal implications of which I am aware have been considered in the preparation of this report.

[Original Signed]

George Groeneveld
Minister of Agriculture and Food
August 28, 2008

Message from the Minister

For the Ministry of Agriculture and Rural Development (ARD), it has been a year of moving forward, even as we experienced new challenges. Like all sectors of our provincial economy, agriculture was faced with a rising Canadian dollar, and high fuel, as well as escalating feed and fertilizer costs. We recognize it has been a particularly challenging year for our entire livestock sector and the province will continue to work diligently with producers and industry to find ways to turn these challenges into opportunities.

Pork producers were among those who faced an extremely difficult year. To help ease economic constraints caused by increased costs and a drop in livestock prices, the province, along with the federal government, enacted the Targeted Advancement Payment (TAP) program. TAP made hog producers eligible for immediate payments through the Canada-Alberta AgriStability program, allowing the province to provide timely funding to producers.

Alberta producers also received $175.6 million in transitional assistance through the Alberta Farm Recovery Program (AFRP). The AFRP provided producers, especially livestock producers, with some short-term assistance to help them deal with economic challenges.

In November, Alberta's cattle industry celebrated a success. After almost five years of restrictions, the U.S. lifted the final border barrier on the import of older cattle, bison and their meat products. This event placed an increased importance on traceability initiatives, and we continue to work closely with industry and our producers to promote these initiatives. We also continued to support our cattle industry by introducing the *Animal Health Act*. This act increases Alberta's capacity to manage disease outbreaks, minimize disease risk and respond to emerging animal health issues.

A number of new initiatives focused on challenging the status quo, being innovative and taking products to the next level. We officially opened the Agrivalue Processing Incubator in Leduc, the first facility of its kind in Canada. This facility will provide entrepreneurs with the opportunity to gain new business skills, technical expertise and physical space to process food, aiding the already great work being done by Alberta farmers and processors. It will help to grow our $9.6 billion value-added sector.

The Alberta Institute for Agriculture, Forestry and the Environment also became a reality this past year. The institute is dedicated to identifying green products and practices to make each industry more innovative, competitive and profitable. We also allocated $450,000 to the Competitiveness Initiative Steering Group, a new committee dedicated to enhancing the competitiveness of Alberta's agriculture and food industry. The Ministry expended just over $100,000 of allocated funds in 2007-2008.

In support of our grain industry, we continued efforts to help secure marketing choice for the province's barley producers by applying for intervener status in a federal court appeal related to the Canadian Wheat Board's monopoly.

Promoting Alberta internationally, we met with representatives from Canada, the United States, Mexico, Japan, Taiwan and Hong Kong to strengthen relationships and advocate for increased agricultural trade opportunities and collaboration on advancing animal genetics and agricultural technologies.

The Ministry of Agriculture and Food had an exciting year, filled with achievement, change and challenges. We expect this year will also present more of the same as we continue to serve our many clients and stakeholders in Alberta's diverse agricultural sector.

As always, our dedicated staff worked hard to ensure the success of our initiatives. I would like to thank our staff, our partners and our stakeholders for their ongoing efforts and continued commitment to Alberta's agriculture industry and the development of our rural communities.

Sincerely,

[Original Signed]

George Groeneveld
Minister, Agriculture and Food

Management's Responsibility for Reporting

The Ministry of Agriculture and Food includes:

- *Department of Agriculture and Food*
- *Agriculture Financial Services Corporation*
- *Alberta Grain Commission*
- *The Office of the Farmers' Advocate*
- *Irrigation Council*
- *Agricultural Products Marketing Council*

The executives of the individual entities within the Ministry have the primary responsibility and accountability for the respective entities. Collectively, the executives ensure the Ministry complies with all relevant legislation, regulations and policies.

Ministry business plans, annual reports, performance results and the supporting management information are integral to the government's fiscal and business plans, annual report, quarterly reports and other financial and performance reporting.

Responsibility for the integrity and objectivity of the consolidated financial statements and performance results for the Ministry rests with the Minister of Agriculture and Food. Under the direction of the Minister, I oversee the preparation of the Ministry's annual report, including consolidated financial statements and performance results. The consolidated financial statements and the performance results, of necessity, include amounts that are based on estimates and judgments. The consolidated financial statements are prepared in accordance with the government's stated accounting policies.

As Deputy Minister, in addition to program responsibilities, I establish and maintain the Ministry's financial administration and reporting functions. The Ministry maintains systems of financial management and internal control that give consideration to costs, benefits and risks that are designed to:

- provide reasonable assurance that transactions are properly authorized, executed in accordance with prescribed legislation and regulations, and properly recorded so as to maintain accountability of public money,
- provide information to manage and report on performance,
- safeguard the assets and properties of the Province under Ministry administration,
- provide Executive Council, Treasury Board, the Minister of Finance and the Minister of Agriculture and Food any information needed to fulfill their responsibilities, and
- facilitate preparation of Ministry business plans and annual reports required under the *Government Accountability Act*.

In fulfilling my responsibilities for the Ministry, I have relied, as necessary, on the executive of the individual entities within the Ministry.

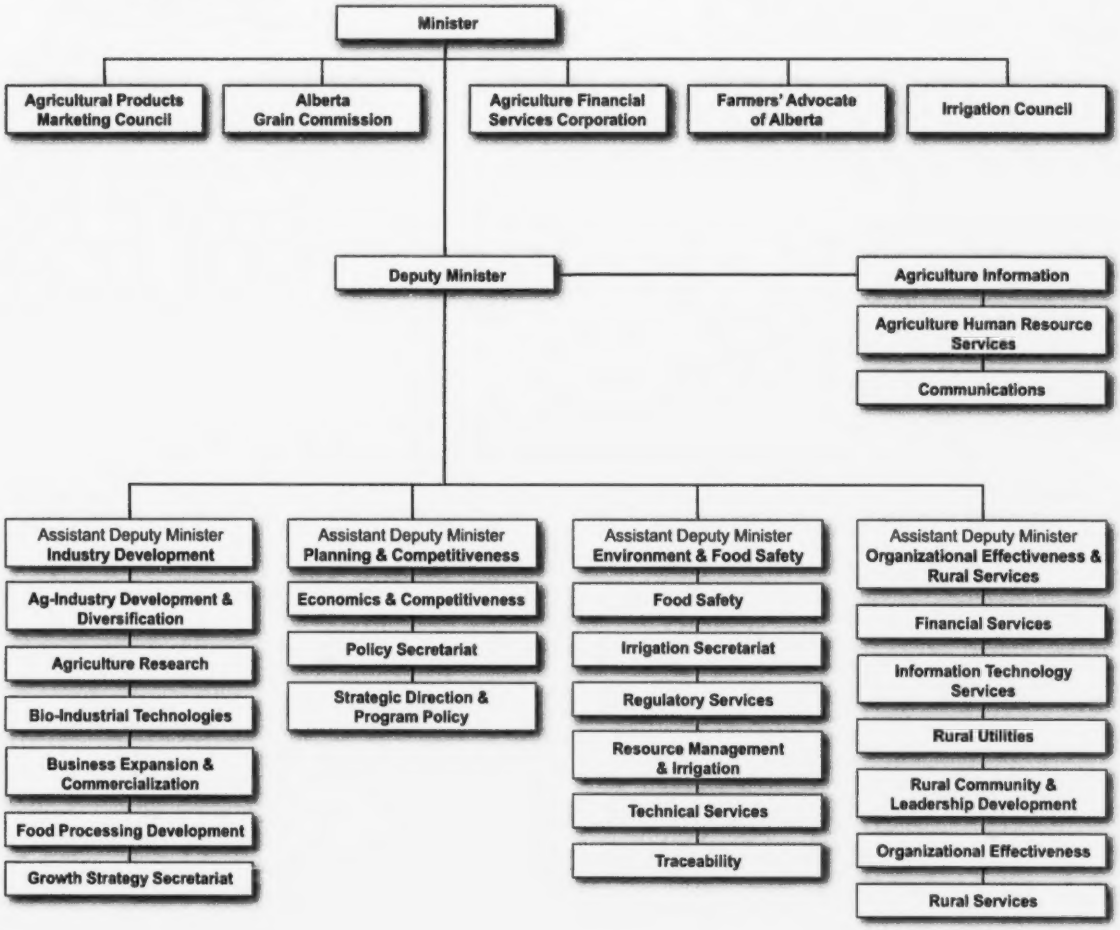
[Original Signed]

John Knapp
Deputy Minister
Ministry of Agriculture and Food

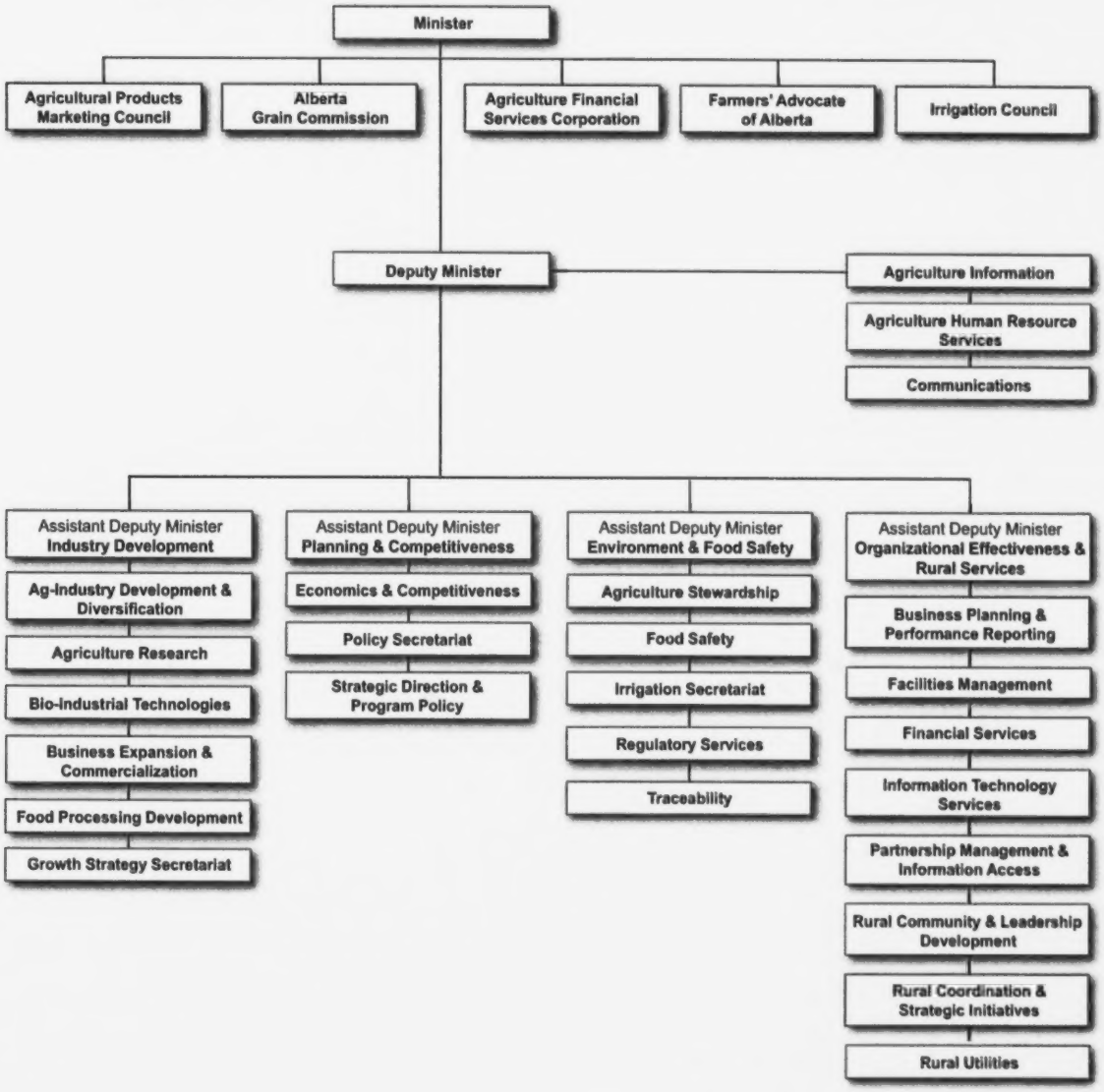
Overview

Charts of Ministry Entities

April 1, 2007



April 1, 2008


Minister
Agricultural Products Marketing Council
Alberta Grain Commission
Agriculture Financial Services Corporation
Farmers' Advocate of Alberta
Irrigation Council
Deputy Minister
Agriculture Information
Agriculture Human Resource Services
Communications
Assistant Deputy Minister Industry Development
Ag-Industry Development & Diversification
Agriculture Research
Bio-Industrial Technologies
Business Expansion & Commercialization
Food Processing Development
Growth Strategy Secretariat
Assistant Deputy Minister Planning & Competitiveness
Economics & Competitiveness
Policy Secretariat
Strategic Direction & Program Policy
Assistant Deputy Minister Environment & Food Safety
Agriculture Stewardship
Food Safety
Irrigation Secretariat
Regulatory Services
Traceability
Assistant Deputy Minister Organizational Effectiveness & Rural Services
Business Planning & Performance Reporting
Facilities Management
Financial Services
Information Technology Services
Partnership Management & Information Access
Rural Community & Leadership Development
Rural Coordination & Strategic Initiatives
Rural Utilities

Entities — Ministry of Agriculture and Food

Department

The Ministry is comprised of the Department of Agriculture and Food and a number of agencies, boards and commissions. The Department is responsible for the development of policy options and management of programs designed to facilitate the evolution of all components of the agriculture and food industry, to sustain the natural resource base of the industry and to encourage the development of rural communities.

During the 2007-2008 fiscal year, the Ministry re-organized its internal structure to better serve clients. The organizational charts provided on the previous pages show the Ministry structure at the beginning of both the 2007 and 2008 fiscal years. The following descriptions summarize the responsibilities of entities and divisions at the beginning of the 2008 fiscal year. For more information, visit the Ministry web site at **agriculture.alberta.ca**

Human Resource Services Division

#307, J. G. O'Donoghue Building, 7000 – 113 Street, Edmonton, Alberta T6H 5T6 ■ (780) 427-2111

Human Resource Services is responsible for providing advice and consultation to senior management, line managers and employees on all matters relating to human resource management. This work includes compensation and benefits administration, job classification, attraction and recruitment, succession planning, implementing a comprehensive occupational health and safety program and employee relations. Human Resource Services also contributes to the Ministry's employee retention and talent management objectives by developing and implementing organizational development initiatives and programs. These include leadership training and development for staff at all levels, workplace health and wellness programs, analysis and responses to the annual Corporate Employee Survey, employee performance management processes and consultation and employee recognition programs.

Agriculture Information Division

#100A, J.G. O'Donoghue Building, 7000 - 113 Street, Edmonton, Alberta T6H 5T6 ■ (780) 427-2727

Agriculture Information Division is responsible for the planning, development, organization, evaluation and delivery of information programs including print and electronic publishing, multi-media and the Call of the Land radio program. The division is responsible for the administration of correspondence through the action request tracking system. Legislative Services, a branch of the division, ensures a supported, planned and coordinated approach is followed for the Ministry's legislative activities. The division is responsible for administering the department's records management program. As well, the division responds to Alberta Connects queries, updates employee directories and administers several initiatives including the Alberta Century Farm and Ranch Awards, Alberta Agriculture Hall of Fame Awards, Wheat Board Monies Trust and Claude Gallinger Memorial Fund scholarships.

Communications Branch

#100A, J.G. O'Donoghue Building, 7000 -113 Street Edmonton, Alberta T6H 5T6 ■ (780) 422-7099

Communications Branch provides strategic communications planning and consulting support to the Minister, Deputy Minister and Department. The branch develops and implements public communications programs that support the Department and government-wide business plan goals, and manages media relations, including the province-wide distribution of news releases and coordination of Department announcements and news conferences.

Environment and Food Safety Sector

Agriculture Stewardship Division:

#306, J.G. O'Donoghue Building, 7000 – 113 Street, Edmonton, Alberta T6H 5T6 ■ (780) 415-1771

The Agriculture Stewardship Division (ASD) is committed to assisting Alberta's agriculture and food industry in taking advantage of marketplace opportunities related to humane and environmentally sound agricultural and food production. ASD develops and delivers risk management and performance verification tools, technologies, protocols, standards and regulatory services, resulting in specific, demonstrable improvements in the industry's performance on environmental stewardship and humane livestock care.

Food Safety Division

9th Fl, O.S. Longman Building 6909 - 116 Street Edmonton, Alberta T6H 4P2 ■ (780) 427-6159

Food Safety Division is responsible for policy and programs that deal with animal health issues with public health or market access implications. FSD also operates advanced, International Organization for Standardization (ISO)-certified chemical and biological testing laboratories that analyze chemical residues in food and agriculture products as well as conducting testing for pathogenic organisms of food safety, animal health, and zoonotic disease significance. This division also develops information for producers and processors on food safety and animal health issues affecting market access. Food Safety Division coordinates Alberta's role in ensuring safe food systems are developed and maintained by industry.

Irrigation Secretariat

#328, Provincial Building, 200 – 5 Avenue South, Lethbridge, Alberta T1J 4L1 ■ (403) 381-5176

Irrigation Secretariat provides administrative support to the Irrigation Council, administers the Irrigation Rehabilitation Program and works with irrigation districts to ensure compliance with the *Irrigation Districts Act.*

Regulatory Services Division

2nd Floor, Agronomy Centre, 6903 – 116 Street, Edmonton, Alberta T6H 5Z2 ■ (780) 422-7197

Regulatory Services Division is responsible for validating the safe production of meat and meat products through provincially-licensed meat facilities, as well as ensuring compliance to assigned legislation. The division is responsible for the administration of 14 statutes and 30 regulations, as well as maintaining and enhancing public confidence by ensuring consistency and coordination through investigation and enforcement activities as required.

Traceability Branch

#300, J.G. O'Donoghue Building, 7000 – 113 Street, Edmonton, Alberta T6H 5T6 ■ (780) 427-2799

The traceability branch provides policy advice on matters relating to provincial and national traceability initiatives and issues. The branch works with Alberta's agriculture and agri-food industries to foster acceptance and implementation of traceability systems within their respective sectors.

The branch has focused on undertaking the necessary projects to understand and demonstrate the value of traceability to Alberta's agriculture and agri-food industry, linking the traceability systems to the national and provincial emergency response systems, and partnering to create infrastructure to enhance business and market opportunities, (e.g. reduce costs, increase value-added opportunities, improve logistics/transportation and simplify processes).

Industry Development Sector

Agriculture Industry Development & Diversification

Main Floor, Provincial Building, 4709 – 44th Avenue, Stony Plain, Alberta T7Z 1N4 ■ (780) 968-3512

This division works with industry organizations and businesses looking to diversify or continue development of their individual or collective business opportunities. The division works with individual companies as well as industry groups to provide technical expertise and coaching in areas of marketing, business arrangements, value chains, alignment, taxation, investment strategies and new venture opportunity assessment and development. The division provides support to researchers in linking their research to a business opportunity.

The division manages the Canada-Alberta Collateral and Carryforward Agreement under the Renewal Chapter of the Ag Policy Framework, the Agriculture Opportunity Fund, the Alberta Approved Farmers' Market Program and the Woodlot Extension Program.

Agriculture Research Division

#204, J.G. O'Donoghue Building, 7000 -113 Street, Edmonton, Alberta T6H 5T6 ■ (780) 427-5341

As a critical link in numerous value chains, the Agriculture Research Division conducts research to enable Alberta's primary agricultural industry to meet the needs of its customers. The division provides research expertise and knowledge through multi-disciplinary project teams focused on specific industry challenges. The division supports primary agriculture through research that ensures production efficiency and competitiveness as well as through pest management, crop surveillance, administration of legislation and regulations. Research activities provide information and technology that is targeted, innovative, proactive, and enables industry to capitalize on market opportunities.

Bio-Industrial Technologies Division

Agri-Food Discovery Place, Building F-83, 6004 – 118 Street, Edmonton, Alberta T6H 2V8 ■ (780) 644-8118

The Bio-Industrial Technology Division (BITD) supports Alberta's growing agricultural value-added processing industry with a full spectrum of services targeted towards the bio-industrial industry. Staff partner with companies to develop businesses, markets, products/processes, exchange information and/or apply/transfer technology. BITD also manages Agri-Food Discovery Place, a facility equipped with a product development laboratory and pilot plant where a staff of engineers and technologists conduct research and development projects aimed at solving problems encountered by agricultural value-added processing businesses and the emerging bio-economy.

Business Expansion & Commercialization Division

#304, J.G. O'Donoghue Building, 7000 -113 Street, Edmonton, Alberta T6H 5T6 ■ (780) 422-1851

This division supports the sustainable growth and diversification of Alberta's agri-processing industry by working with existing businesses to help them expand and by attracting new investment to Alberta. Division staff provide technical expertise, market information, business development advice and the identification of expansion or investment opportunities. Companies' business projects are facilitated by providing information and services related to feasibility studies, joint venture/alliance partners, sources of capital, site location assistance and infrastructure development. Critical issues that constrain growth and affect investment decisions, such as access to labour, are identified, and solutions are sought.

Food Processing Development Division

6309 45 Street, Leduc, Alberta T9E 7C5 ■ (780) 986-4793

The Food Processing Development Division focuses on the value-added processing of agriculture commodities through laboratory development, applied research and pilot plant scale up to develop new products, introduce new technologies and improve existing processes. The division also has a strong focus on the development of new companies, the attraction of new food processors to Alberta and developing collaborative applied research projects with other research partners. Programming is delivered through four units: the Food Processing Development Centre, the Food Science and Technology Centre, the Consumer Products Testing Centre and the Agrivalue Processing Business Incubator.

Growth Strategy Secretariat

#304, J.G. O'Donoghue Building, 7000 -113 Street, Edmonton, Alberta T6H 5T6 ■ (780) 422-1851

This corporate support function manages the sector strategic priorities and their implementation. The area coordinates the development and implementation of Alberta Agriculture's Strategy for Sustainable Growth, ensures alignment of operational plans with strategic direction and tracks the implementation of the Growth Strategy's initiatives, which support the achievement of the business plan. The Growth Strategy Secretariat also implements effective business processes, including project and portfolio management systems, and provides process consultation, facilitation expertise and strategic planning expertise to Ministry staff and industry on key initiatives.

Organizational Effectiveness and Rural Services Sector

Business Planning and Performance Reporting

#201, J.G. O'Donoghue Building, 7000-113 Street, Edmonton, Alberta T6H 5T6 ■ (780) 422-0265

Provides strategic corporate services focused on business planning, operational planning, performance measurement and performance reporting including the development of quarterly reports and the Ministry's annual report. The unit is responsible for the development of and reporting requirements for the Deputy Minister's Performance Contract and for contributing to Government of Alberta-level business plans and reporting documents.

Facilities Management

#307, J.G. O'Donoghue Building, 7000-113 Street, Edmonton, Alberta T6H 5T6 ■ (780) 422-6127

Facilities Management ensures the Ministry's facilities enable optimum staff productivity through the provision of appropriate accommodations, telecommunications, furniture and facility supports.

Financial Services

#307 J.G. O'Donoghue Building, 7000-113 Street, Edmonton, Alberta T6H 5T6 ■ (780) 422-5629

Financial Services provides strategic leadership in the areas of financial planning and analysis, accounting and reporting as well as financial accountability.

Information Technology Services

#202, J.G. O'Donoghue Building, 7000-113 Street, Edmonton, Alberta T6H 5T6 ■ (780) 422-2101

Information Technology Services Division works in partnership with the program areas to optimize program delivery, contribute to business innovation and increase efficiencies through enabling modern technologies. This work includes offering expertise and advice on the use and development of technology solutions. In addition, the division provides the secure, robust and reliable technology infrastructure necessary to support the Ministry's requirements for electronic service delivery.

Partnership Management and Information Access Division

Bag 600, 4705-49 Avenue, Stettler, Alberta T0C 2L0 ■ 310-FARM (3276)

The Partnership Management and Information Access Division provides the public access to information, decision-making tools, services and programs, Ministry personnel and industry partners. Information can be accessed through the Ag-Info Centre at 310-FARM (3276), administrative staff in regional offices and the Ropin' the Web internet site at www.agriculture.alberta.ca

Rural Community and Leadership Development

#200, J.G. O'Donoghue Building, 7000-113 Street, Edmonton, Alberta T6H 5T6 ■ (780) 422-4596

The Rural Community and Leadership Development Division develops and manages community-based programs that foster rural development by supporting rural organizations such as agricultural service boards, agricultural societies and 4-H clubs and councils. The division is also responsible for developing and delivering education, leadership and training programs that raise agricultural awareness and promote farm safety in partnership with community and agricultural organizations.

Rural Coordination and Strategic Initiatives

#106, J.G. O'Donoghue Building, 7000-113 Street, Edmonton, Alberta T6H 5T6 ■ (780) 427-2409

The Rural Coordination and Strategic Initiatives Division supports the implementation of Alberta's Rural Development Strategy by advancing rural policy, leading cross-government collaboration on rural issues and working closely with Rural Alberta's Development Fund regarding community-focused projects. In addition, the Division provides leadership to strategic rural development initiatives and conducts research in partnership with rural organizations and stakeholders.

Rural Utilities Division

#200, J.G. O'Donoghue Building, 7000-113 Street, Edmonton, Alberta T6H 5T6 ■ (780) 427-1930

The Rural Utilities Division administers the Rural Gas, Rural Electric and Remote Area Heating Allowance (RAHA) programs. The Rural Gas and Rural Electric programs are cost-shared and help defray the high cost of constructing natural gas and electrical systems in rural areas. The RAHA program provides rebates on the cost of propane or fuel oil for individuals who are unable to obtain natural gas service at a reasonable cost.

Additionally, the division also administers the *Rural Utilities Act,* which provides the framework for the establishment and management of business affairs for approximately 280 rural gas, electric and water associations in the province. The division also administers the *Gas Distribution Act,* which governs the establishment of franchise areas and standards setting relating to the design, construction, operation, maintenance, quality assurance and plant record keeping for rural gas utilities.

Planning and Competitiveness Sector

Economics and Competitiveness Division

#303, J.G. O'Donoghue Building, 7000-113 Street, Edmonton, Alberta T6H 5T6 ■ (780) 422-3771

The Economics and Competitiveness Division is a source of economic, competitiveness, market and statistical research dealing with strategic issues affecting Alberta's agriculture and agri-food industry. This research includes applied economic and competitiveness analysis, benchmarking, statistical information, analysis of international markets, consumer behavior and emerging industry trends. The division adds value to information relating to the value-chain from production to consumption. In partnership with other divisions, the division is responsible for playing an advocacy role for Alberta's agriculture and agri-food industry as well as leading and coordinating international relations efforts at key forums, conferences and discussions with priority international partners.

Policy Secretariat

#300, J.G. O'Donoghue Building, 7000-113 Street, Edmonton, Alberta T6H 5T6 ■ (780) 422-2070

The Policy Secretariat provides advice and recommendations and undertakes corporate projects to improve the policy and planning decisions of the Ministry. The Secretariat analyses domestic and international agricultural and macro economic policies, assesses the potential effect on Alberta's agriculture and food sector and makes recommendations on how the Ministry should respond to these challenges. The Secretariat plays a strong advocacy role for Alberta's agricultural interests and is currently focused on issues in trade policy, science and innovation, environment, land use planning, farm income, grain marketing and risk mitigation strategies.

Strategic Direction and Program Policy Division

#200, J.G. O'Donoghue Building, 7000-113 Street, Edmonton, Alberta T6H 5T6 ■ (780) 422-9167

Strategic Direction and Program Policy is responsible for providing strategic corporate services to the Ministry. These services include developing and implementing effective processes for strategic planning including the monitoring of key trends and issues facing the Ministry.

Division staff are also responsible for program policy development, program evaluation and negotiating and managing federal funding requirements under the Agricultural Policy Framework, as well as managing Alberta's obligations under specific federal/provincial bilateral companion agreements. Further, the division is responsible for coordinating and integrating Alberta's input into the development of Growing Forward: Toward a new Agriculture Policy Framework.

The division delivers the Canada-Alberta Farm Water Program and the Alberta Farm Fuel Benefit Program and is responsible for the policy development of the agriculture component of disaster recovery programs for Alberta Municipal Affairs. The division is responsible for the compliance portion of Bovine Spongiform Encephalopathy Surveillance Program.

Agencies, Boards and Commissions

Agriculture Financial Services Corporation (AFSC)

Lacombe Central Office, 5718 – 56 Avenue, Lacombe, Alberta T4L 1B1 ■ (403) 782-8200

AFSC provides a wide variety of risk management products and financial services for farmers and commercial businesses in Alberta. It offers unique financial products and services that are not always readily available from conventional sources.

AFSC delivers the AgriStability program, a whole-farm program that provides compensation for declines in farm margins, relative to the historical margin for eligible producers, regardless of the commodities they produce. AFSC provides AgriInsurance products to mitigate risks related to annual and perennial crop production, including options for insuring price risk for fluctuations of commodity prices between spring seeding and fall harvesting; and also offers waterfowl and wildlife damage compensation to help Alberta farmers protect against production losses on their farms, as well as separate hail insurance for protection against crop losses from hail and fire.

AFSC offers lending products and financial services for primary producers, agribusinesses and commercial enterprises. These include loans and guarantees for new or existing farm businesses and financing for those affected by a disaster or reductions in farm production or income.

AFSC produces a separate annual report. Copies are available electronically through the AFSC website (www.AFSC.ca).

Agricultural Products Marketing Council

#305, J.G. O'Donoghue Building, 7000 -113 Street, Edmonton, Alberta T6H 5T6 ■ (780) 427-2164

Agricultural Products Marketing Council advises the Minister on matters related to the establishment, operation and management of the boards and commissions established under the *Marketing of Agricultural Products Act*. The Council provides assistance and advice to boards and commissions on board governance, leadership development, strategic and business planning. The council facilitates industry-oriented development through enabling legislation and encourages engagement in research and value-added opportunities and enhanced value chain relationships.

Alberta Grain Commission

#305, J.G. O'Donoghue Building, 7000 -113 Street, Edmonton, Alberta T6H 5T6 ■ (780) 427-7329

Alberta Grain Commission advises the Minister on issues and trends in the grain industry, conducts ongoing examination of all facets of the industry and provides an information service, which includes daily grain price information.

Farmers' Advocate Office

#305. J.G. O'Donoghue Building, 7000 -113 Street, Edmonton, Alberta T6H 5T6 ■ (780) 310-FARM (3276)

The Farmers' Advocate Office (FAO) reports directly to the Minister on issues concerning rural landowners.

The FAO works closely with agricultural interest groups, Alberta Environment, Alberta Energy, Alberta Sustainable Resource Development (SRD) and other levels of government to provide advice and assistance with understanding energy development interaction on the land including developing negotiation strategies related to surface leases. The FAO liaises with surface rights groups, synergy groups, the Freehold Owners Association and individual landowners and provides dispute resolution services, advice and information.

The FAO manages the contract for the AFSC/SRD Hail and Crop and Grazing Disposition Agricultural Development Committee reviews. The FAO is also responsible for administering the *Farm Implement Act, Farm Implement Dealerships Act*, Water Well Restoration or Replacement Program, Wild Fire Cost Assessment Review and Part 1 of the *Agricultural Operation Practices Act*.

A separate annual report is produced for the FAO including the audited financial statements for the Farm Implement Compensation Fund. Copies of the report can be accessed through the FAO website (www.farmersadvocate.gov.ab.ca).

Irrigation Council

#328, Provincial Building, 200 – 5 Avenue South, Lethbridge, Alberta T1J 4L1 ■ (403) 381-5176

Irrigation Council, established under the *Irrigation Districts Act,* makes recommendations to the Minister on any matter under the Act, particularly issues related to maintaining a strong, efficient and sustainable irrigation industry. The Council acts as an appeal body in accordance with the Act and establishes policies and approves annual rolling three-year plans and projects submitted by the irrigation districts to ensure accountability of the public's ongoing cost-shared investment in irrigation district water conveyance infrastructure.

Operational Overview

Ministry's Core Businesses

The Ministry contributes to two of the government's ten goals and to three of the five government priorities. The Ministry works with industry and stakeholders to manage growth pressures, build a stronger Alberta, and improve Albertans' quality of life. The primary focus of Agriculture and Food is on Government of Alberta goal 1: Alberta will have a prosperous economy. The Ministry achieves this by working with others to promote prosperity for Alberta through a strong, competitive, sustainable agriculture and food industry.

Ministry Core Businesses

- Facilitate sustainable industry growth
- Support and strengthen sustainability
- Strengthen Business Risk Management

Each of the Ministry goals contributes to the achievement of these core businesses. The results constitute the role of Alberta Agriculture and Food in contributing to the Government of Alberta's core performance measures. The Results Analysis section of this annual report presents a comprehensive discussion of the Ministry goals, performance measures and results of operations for the fiscal year 2007-2008.

Costs for Core Business

(unaudited)

(thousands of dollars)

Core Businesses	2007-08 Estimates	2007-08 Actual	2006-07 Actual
Facilitate sustainable industry growth	$ 251,287	$ 232,164	$ 232,261
Support and strengthen rural sustainability	70,697	65,707	55,620
Strengthen business risk management	754,740	580,541	828,171
Ministry Expense	**$1,076,724**	**$ 878,412**	**$ 1,116,052**

Expense by Function

All Ministry expenses with the exception of debt servicing costs, are reported under the Government of Alberta function: Agriculture, Resource Management and Economic Development.

Overall Ministry Operations and Services

(unaudited)

(thousands of dollars)

	2007-08 Budget	2007-08 Actual	2006-07 Actual
Revenues	$ 658,899	$ 469,675	$ 531,428
Expenses	1,076,724	878,412	1,116,052
Gain (Loss) on disposal of assets	-	(195)	269
Excess of expenses over revenues	**$ 417,825**	**$ 408,932**	**$ 584,355**

AUDITOR GENERAL
Alberta

REPORT OF THE AUDITOR GENERAL ON THE RESULTS OF APPLYING SPECIFIED AUDITING PROCEDURES TO PERFORMANCE MEASURES

To the Members of the Legislative Assembly

Management is responsible for the integrity and objectivity of the performance results included in the *Ministry of Agriculture and Food's 2007-2008 Annual Report*. My responsibility is to carry out the following specified auditing procedures on performance measures in the annual report. I verified:

Completeness

1. Performance measures and targets matched those included in Budget 2007. Actual results are presented for all performance measures.

Reliability

2. Information in reports from external organizations, such as Statistics Canada, matched information that the Ministry used to calculate the actual results.
3. Information in reports that originated in the Ministry matched information that the Ministry used to calculate the actual results. In addition, I tested the processes the Ministry used to compile the results.

Comparability and Understandability

4. Actual results are presented clearly and consistently with the stated methodology and are presented on the same basis as targets and prior years' information.

I found no exceptions when I performed these procedures.

As my examination was limited to these procedures, I do not express an opinion on whether the set of measures is relevant and sufficient to assess the performance of the Ministry in achieving its goals.

[Original Signed by Fred J. Dunn, FCA]
Auditor General

Edmonton, Alberta
August 22, 2008

The official version of this Report of the Auditor General, and the information the Report covers, is in printed form.

Results Analysis

Results of Operations

The Ministry's financial results show consolidated revenues of $469.7 million in 2007-08, which is a $61.8 million decrease in revenues from 2006-07, and $189.2 million lower than budget. Consolidated expenses were $878.4 million. This figure is $237.6 million lower than in 2006-07, and $198.3 million lower than budget. The net operating deficit was an excess of expenses over revenues of $408.9 million, which is $175.4 million lower than in 2006-07 and $9 million lower than budget.

Revenues

Revenues decreased by 11.6 per cent from the previous year. They were down $61.8 million and, as noted above, were $189.2 million lower than budget.

Revenue was lower than budget mainly because of reduced federal contributions for the AgriStability program (formerly Canadian Agricultural Income Stabilization — CAIS) resulting from the reduction of amounts previously accounted for in prior fiscal years. Other revenue changes from the budget include reduced premiums resulting from a drop in Spring Price Endorsement participation due to the futures outlook of commodity prices.

Revenue picture highlights include the following:

- Transfers from the Government of Canada decreased $157.8 million from budget and $79.4 million from 2006-07, resulting primarily from the reduction of CAIS program amounts previously accounted for in prior fiscal years.
- Premiums from insured persons were $34.4 million lower than budget due to a reduction in Spring Price Endorsement (SPE) participation. Premiums were $13.7 million higher than the previous year, in spite of the lower participation in SPE, resulting from the one-time initiative by the Province to reduce producers' premiums in 2006.
- Interest and investment income was $4 million higher than budget and $7.9 million higher than 2006-07 due to an increase in production insurance fund balances as a result of better than average crop yields.

Expenses Compared to Budget

Expenses were $198.3 million lower than budget primarily as a result of a reduction of CAIS program amounts previously accounted for in prior fiscal years and better than average crop yields and commodity prices for the 2007 crop year. These reductions were partially offset by expenses for the new Alberta Farm Recovery Plan.

- Agriculture Income Support payments were $170 million under budget. Program payments for the CAIS program were significantly lower than budget as a result of a reduction of amounts previously accounted for in prior fiscal years. A portion of the available CAIS budget was redirected to the Alberta Farm Recovery Plan, which is included in the expenses for Agriculture Income Support. The Farm Recovery Plan was introduced in October, 2007 as a new financial assistance program to assist livestock farmers with rising fuel, feed and fertilizer costs.
- Insurance expenses were $39.8 million lower than budget. Favourable crop conditions and commodity prices resulted in lower production insurance indemnity payments compared to the budget, which is based on historical averages.
- Industry Development expenses were $14.6 million higher than budget, primarily as a result of additional support, under the Agricultural Policy Framework (APF), for science and innovation projects in the agricultural sector. The expenses for the program were offset by an increase in transfers from the Federal government.
- Environment and Food Safety expenses were $14.1 million lower than budget primarily resulting from lower than anticipated costs for the Specified Risk Material (SRM) Disposal and BSE Surveillance programs. The resulting surplus in SRM Disposal was redirected to other priority programs in the department, enabling additional future year spending on the SRM Disposal program.
- Rural Services incurred expenses of $8.6 million greater than budget, due to increased grant expenditures for agricultural societies and rural utilities programs.
- Valuation adjustments were $6.4 million over budget due to the increased provision for loan losses at AFSC resulting from higher lending volumes and a higher provision for grant recovery losses in the Department.
- Debt servicing costs were $4.7 million lower than budget resulting from lower than budgeted interest rates.

Expenses Compared to 2006-07

Expenses were $237.6 million lower than last year. Spending highlights for 2007-08 compared to 2006-07 are as follows:

- Farm Income Support payments were $373.7 million lower than in 2006-07 due to a reduction of CAIS program amounts previously accounted for in prior fiscal years. Additional farm income support expenses in 2006-07 included the Alberta Margin Enhancement and Alberta Reference Margin Initiative programs.
- Insurance expenses were $122.4 million higher than those in 2006-07. Although the 2007 crop conditions were favourable, they did not compare to the exceptional conditions in 2006. Indemnity payments for hail insurance and wildlife damage compensation also exceeded payments in 2006-07.
- Infrastructure Assistance program expenses were $31.2 million lower than 2006-07. Irrigation infrastructure grants were much higher in the previous year resulting from Treasury Board approval to utilize surplus funds from the SRM Disposal program for irrigation infrastructure. In addition, Infrastructure Assistance for Municipal Wastewater funding was redirected to grants for agricultural societies. Municipal Wastewater funding was not required in 2007-08 due to the lack of demand for agricultural processing developments.
- Industry Development expenses were $20.6 million higher than 2006-07. Additional funding was provided from the Federal government, under the Agricultural Policy Framework (APF), to support science and innovation projects in the agricultural sector.
- Expenses in Rural Services were $9.1 million higher than the previous year for agricultural societies and rural utilities grant payments. $5 million of Ministry spending was redirected to provide one-time additional financial support to the 286 small agricultural societies to address immediate issues in the community. Rural utilities grants payments increased in 2007-08 due to increased demand for those programs.
- Environment and Food Safety expenses were $5.1 million higher than the previous year primarily due to increased funding for the SRM Disposal program.
- Valuation adjustments were $6.4 million higher than the previous year primarily due to the increased provision for loan losses at AFSC resulting from higher lending volumes and a higher provision for grant recovery losses in the Department.

Performance Measures Summary

This section provides progress made on the 16 performance measures established in the 2007-2008 Alberta Agriculture and Food Business Plan. These measures include 19 targets.

Performance measurement is an evolutionary process, and current performance measures continue to evolve to objectively measure and report on the Ministry's progress and to meet the evolving needs of stakeholders. The targets for these performance measures were established at the time the business plan was written.

A detailed explanation of these performance measures and major activities undertaken to influence these results are presented under the following sections: Core Businesses, Goals and Measures and Performance Measures Methodology.

Highlighted below are the performance measures reported in the 2007-2008 Annual Report, including the achievement of forecasted targets and the most current result(s). The measures are grouped under into two captions: met/exceeded target or below target. A brief explanation is provided for significant variances with respect to targets that were not met. As well, the following symbols denote the direction of Ministry accomplishment for each measure:

≈ met target

↑ target exceeded

↓ target not met

Overall the Ministry:

- met or exceeded ten forecasted targets
- did not meet nine forecasted targets

Core Business One: Facilitate Sustainable Industry Growth

Goal 1

Sustainable Growth of the Food and Non-food Agriculture Industry

The Ministry contributes to this goal by encouraging new and diversified product development, investment and facilitating long-term sustainable growth in the agriculture industry.

Selected performance measures for this goal assess areas where the Ministry has some influence over the growth of the industry.

Below Target

MEASURE CODE	PERFORMANCE MEASURE	RESULT FOR 2007 – 2008
1.a	Number of value-added products developed and successfully introduced to market with assistance from Agriculture and Food.	↓
1.b	Research and development investment by collaborators leveraged through Ministry resources ($ million).	↓
1.c	Total leveraged investment in agri-industry businesses (farm business and agribusiness) facilitated by Agriculture Financial Services Corporation lending services ($ million).	↓

Explanation

- The reopening of the U.S. border to cattle over 30 months of age provided producers with competitive marketing options. The new marketing environment resulted in a gradual reduction in the surplus of cattle over 30 months of age and a moderate increase in price for cattle over 30 months of age. The net effect is that value added processing projects, based on a surplus of cattle over 30 months of age, were no longer economically viable and as such some were shelved.
- The result for Measure 1.b is the expended amount for research and development projects while the target value is the total budget of research and development projects. As such, these two numbers are not directly comparable. Future business plans have addressed this challenge.
- The target for Measure 1.c was revised to reflect an anticipated stronger level of activity in the bio-industrial sector. This overly optimistic target was not achieved because of the difficulties faced by farmers and processors in raising equity, uncertainty in equity markets and an increase in prices for feedstock commodities such as grains and oilseeds.

Goal 2

Continued Excellence in Food Safety

The Ministry contributes to this goal by promoting implementation of food safety process control systems throughout the food production continuum, through development and administration of essential food safety legislation, regulations and policy and through food safety surveillance systems that ensure consumer confidence and market access.

The measures for this goal recognize the importance of monitoring the adoption and implementation of food safety process control systems for, and in partnership with, the agriculture and food industry.

Met/Exceeded Target

MEASURE CODE	PERFORMANCE MEASURE	RESULT FOR 2007 – 2008
2.b	Percentage of Alberta production produced under on-farm food safety programs. ■ chicken farms	↑
2.c	Number of on-farm food safety (cumulative) ■ certified beef feedlot and cow/calf operations	↑
2.d	Percentage of Alberta licensed abattoirs that have added a preventative system to their existing food safety system ■ Red meat — Meat Facilities Standard	↑
2.e	Number of Alberta food processing facilities participating in the Alberta Hazard Analysis Critical Control Point (HACCP) Advantage Program (cumulative).	↑

Below Target

MEASURE CODE	PERFORMANCE MEASURE	RESULT FOR 2007 – 2008
2.a	Number of surveillance and monitoring initiatives designed to measure hazards in food production.	↓
2.b	Percentage of Alberta production produced under on-farm food safety programs. ■ hog farms	↓
2.c	Number of on-farm food safety (cumulative) ■ trained beef feedlot and cow/calf operators	↓

Explanation

- Measure 2.c tracks the voluntary industry-led on-farm food safety program delivered by Alberta Beef Quality Start Here (ABQSH). The Ministry currently has no involvement in the design, implementation or funding of this program. Any success or lack thereof on farm food safety is attributed solely to the participating commodity organizations and ABQSH. For attribution reasons, this measure has since been removed from the 2008-2011 Ministry Business Plan. Additional information is available at the ABQSH website: http://beefsafety.ab.ca

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Core Business Two: Support and Strengthen Rural Sustainability

Goal 3

Improved Environmental Stewardship

The Ministry contributes to this goal through essential policy, legislation, information and services related to soil conservation, water quality, air quality, climate change and biodiversity.

The measures for this goal relate to the Ministry's work in providing customized information, training and support to industry regarding environmentally sustainable agriculture practices.

Met /Exceeded Target

MEASURE CODE	PERFORMANCE MEASURE	RESULT FOR 2007 – 2008
3.a	Percentage of producer survey respondents who have adopted improved environmentally sustainable agriculture practices.	≈
3.b	Number of producers provided with specific training and technical support to enable development of environmental farm plans	↑

DID YOU KNOW?

Did you know the Alberta Beef Quality Starts Here Program (ABQSH) — Verified Beef Production, is a voluntary, proactive and preventative system that mitigates preventable food safety risks on farms?

Goal 4

Support Strengthened Rural Communities

The Ministry contributes to this goal by working with organizations to strengthen rural communities through involvement in business development, leadership development and infrastructure development.

The measures for this goal target areas where the Ministry provides targeted support for rural businesses, organizations and their networks.

Met/Exceeded Target

MEASURE CODE	PERFORMANCE MEASURE	RESULT FOR 2007 – 2008
4.b	Percentage of Ministry-supported, agriculture related community activities that focus on leadership development.	↑
4.c	Percentage of rural youth and adults participating in Ministry-supported programs that report effective learning from those programs.	↑

Below Target

MEASURE CODE	PERFORMANCE MEASURE	RESULT FOR 2007 – 2008
4.a	Total investment leveraged in rural businesses facilitated through Agriculture Financial Services Corporation lending services ($ million).	↓

Explanation

- The target for Measure 4.a was revised to reflect an anticipated stronger level of activity in the bio-industrial sector in rural Alberta. This overly optimistic target was not achieved as a result of the difficulties faced by farmers and processors in raising equity, uncertainty in equity markets and an increase in prices for feedstock commodities such as grains and oilseeds.

Goal 5

Effective Risk Management Decisions by Agricultural Business Managers

The Ministry contributes to this goal by working cooperatively with service providers to provide targeted business risk management training and information dissemination that allow managers to identify, quantify and respond to risks pertaining to their businesses.

The measure for this goal tracks the use of risk management tools, for which the Ministry and partners are providing training and information, to agricultural business managers.

Below Target

MEASURE CODE	PERFORMANCE MEASURE	RESULT FOR 2007 – 2008
5.a	Percentage of managers surveyed indicating the use of risk management tools for improved decision making.	↓

Explanation

- The 2007-2008 result for this measure is the same as reported in 2005-2006, as it is the most current data available. The target established for 2005-2006 was ambitious based on risk management information available at that time. The result from the 2006 Risk Management survey has established a much stronger benchmark for this measure, and subsequent targets were revised accordingly.

Goal 6

Effective Programs for Long-term Industry Stability

The Ministry contributes to this goal by providing appropriate support through programs such as the Canadian Agricultural Income Stabilization Program (CAIS), production insurance, drought preparedness and disaster recovery initiatives.

The measures for this goal are intended to report on the effectiveness of the core Ministry risk management programs.

Met/Exceeded Target

MEASURE CODE	PERFORMANCE MEASURE	RESULT FOR 2007 – 2008
6.a	Percent of eligible seeded acres for major crop categories insured under production insurance: ■ annual crops	↑
6.b	Percent of Alberta farm cash receipts represented by Alberta participants in the Canadian Agricultural Income Stabilization Program (CAIS).	≈

Below Target

MEASURE CODE	PERFORMANCE MEASURE	RESULT FOR 2007 – 2008
6.a	Percent of eligible seeded acres for major crop categories insured under production insurance: ■ perennial crops	↓

Explanation

- The lower result is mainly due to the continued good growing moisture conditions experienced in 2007 as well as excellent forage feed supply.

Future Challenges

Summary of 2007-2008 Major Actions

The Ministry's measures show the effects the Ministry has on the three core business areas. In the 2007-2008 operating period, the Ministry enhanced its knowledge and actions on a variety of industry issues.

The Ministry's activities covered the following:

- economic, social and environmental implications of agricultural production practices
- new market opportunities for diversified and specialty products and services
- advancement of the organic industry
- emergency risk management
- bioenergy technologies
- trade agreements and advocacy
- safe food production strategies

In addition, the Ministry participated in and supported a variety of cross-Ministry initiatives such as the Land Use Framework, Water for Life Strategy, Climate Change Strategy, Institute of Agriculture, Forestry and the Environment, pandemic preparedness planning and Rural Development. The Ministry's two major internal initiatives — Competitiveness and Traceability — were moved forward through solution development, advanced pilot projects and technology assessments.

Goals and measures are affected by challenges inherent in the industry; therefore, it is vital for the Ministry to continually assess, anticipate, evaluate and plan to respond to future challenges. The measures the Ministry uses to track progress towards its goals also need to be refined accordingly as challenges and opportunities arise.

Challenges for Future Actions

Challenges for Global Trade

Global trade is vital for Alberta's agriculture and food industry as it generates a substantial portion of annual revenue. International trade poses both challenges and opportunities for all participants. The key issues for Alberta are export market access and the ability to compete and win in markets where its products have freer access. Maintaining and expanding market access and continuously improving the capacity to produce and deliver products to global customers at competitive prices present challenges and opportunities for the future.

The Government of Alberta, in cooperation with the federal government, other provinces and industry, is committed to strongly advocating for improved market access for Alberta producers. It is doing so by actively and forcefully presenting its positions for freer and undistorted market access at multilateral and bilateral trade negotiations. A timely conclusion of these negotiations remains a challenge; however, recent progress evidenced in the World Trade Organization (WTO) negotiations is promising.

To benefit from market access, Alberta's industry will need to continually rediscover ways of remaining competitive in existing markets and take full advantage of new markets. Among other things, the industry needs to find ways of differentiating itself from its competitors to capture new, higher valued markets and maintain existing ones.

Among the challenges the industry will face in capturing new or higher value markets are: developing new products with the attributes consumers want, proving that Alberta products are different from those of our competitors and ensuring a critical mass of differentiated raw materials and value-added products. Successful response will allow Alberta to gain a significant market share of high-valued markets around the globe. The Government of Alberta is committed to providing infrastructure and public domain research and development support for the industry as it continues to sharpen its competitive edge.

In light of the foregoing, product identity preservation, traceability, surveillance, and certification of foods will play increasingly important roles in differentiating our products from our competitors. It may even be essential to brand both national and provincial food safety systems, animal health strategies and product identities to meet and exceed requirements of trading partners.

The Rapid Appreciation of the Canadian Dollar

Currency effects are not unique challenges to Alberta's agriculture and food industry. A strong Canadian dollar negatively affects revenue and demand for Canadian exports. While the sharp surge in the exchange rate of the Canadian dollar poses serious adjustment challenges in the short run, it could have positive effects in the long run. A high Canadian dollar suggests cheaper imports of better machinery, improved technologies, chemicals and fertilizers from other countries. These lower priced, higher quality inputs in could reduce costs, enhance efficiency and improve the competitiveness of the industry.

Evolving Consumer Demands

Consumer tastes, preferences and incomes are continually evolving. Current shifts in North American consumer demographics (i.e., aging population and increasing immigration) have significant implications for Alberta's agriculture and food industry.

Consumers are demanding healthy, safe food that is produced in an ethically and environmentally sound manner. The trends indicate two long term developments:

1) Health will become an increasingly desirable attribute of food as consumers in developing and developed countries make the link between diet and health.
2) The wellbeing of the environment will continue to grow as a driver of consumer tastes, farm production, and processor costs.

The rapid adjustments required in production practices and the product mix to meet changing consumer tastes and preferences create continual challenges for the industry. The rewards are also great for those who seize opportunities and meet the changing consumer demand.

Competing Demands for Land, Water and Human Resources

Many of the resources required by the agriculture and food industry are becoming increasingly difficult to obtain due to limited supply and heightened competition from other sectors of Alberta's thriving economy.

Competition for farmland from other sectors, such as oil and gas exploration and extraction and the expansion of urban centers and residential acreages, drives up the price of farmland. Water resources are also facing increased demands, especially in Southern Alberta, resulting in reduced availability of water for farming and food processing. Consumer concern for the environment, as well as demand for environmental benefits, and an increasing desire for landscape amenities also limit both the availability of land for farming and the type of farming practices employed.

Current labour shortages are another factor the agriculture and food industry has to contend with. Difficulties in accessing labour pose a serious threat to industry growth. The demand for workers in Alberta's thriving economy is resulting in widespread labour shortages and increasing wages. Automation programs coupled with lean manufacturing programs can help industry deal with some components of labour shortage challenges. In addition, policies could be created to help industry access the alternative workforce.

Rising demand for food coupled with the demand for feedstock for biofuels production offer an opportunity to boost farming and food manufacturer's incomes, and generate employment in the agricultural sector.

Rising Costs of Production

Rising energy costs not only affect input costs for both primary production and processing, but also costs of transportation services and fertilizer production.

Agriculture and the Environment

Agriculture and the environment are intrinsically linked, and Albertans are increasingly concerned about the environment.

The industry will continue to meet the challenge of protecting the environment while meeting the business demands of agriculture. The development of market-based methods to capture the value provided by agriculture in employing environmentally sound practices is, therefore, important to promote sustainability. Combining the foregoing initiative with a long-term, comprehensive agri-environmental strategy will play a vital role in ensuring both agriculture and the environment are sustainable over the long term.

Core Businesses Goals and Measures

The Ministry contributes to three of the five government priorities: manage growth pressures; improve Albertans' quality of life; and, build a stronger Alberta. The Ministry also contributes to the following government goals: Alberta will have a prosperous economy; and Alberta will have a financially stable, open and accountable government and maintain its strong position nationally and internationally.

The functions of the Ministry are aligned with government's core businesses through the Ministry's three core businesses:

- Facilitate sustainable industry growth
- Support and strengthen rural sustainability
- Strengthen business risk management

Core Business One: Facilitate Sustainable Industry Growth

This core business:

- Relates to the government priority **Build a stronger Alberta.**
- Promotes growth by adding value to agricultural products and services.
- Supports an innovative, profitable and globally competitive industry capable of sustained growth.

Core Business Cost $232.2 Million

Goal 1

Sustainable Growth of the Food and Non Food Agriculture Industry

This goal realizes that sustainable growth creates opportunities and wealth for all segments of the food and non-food agriculture industry, and contributes to the diversification and prosperity of the province. The Ministry contributes to this goal by working with industry to focus on consumer driven market opportunities that increase long-term profitability and increase industry competitiveness.

Goal 1 Expense $216.1 Million

Key contributions to achievement of this goal include developing an Agriculture Workforce Strategy that will allow industry to have the required human resources to capitalize on new and existing market opportunities. Continued partnership with industry to ensure investment in physical infrastructure as well as providing producers access to capital also contributes towards achievement of this goal. The Ministry also has committed to continuing to develop legislation, regulation and policy that will allow the industry to become more competitive.

Strategy:

Encourage development of new products, processes and services that respond to new market opportunities and enhance diversity.

Results:

The Food Processing Development Centre in Leduc evaluated 5 new technologies, completed 75 client-initiated developmental projects and led or assisted in 26 research projects related to value-added products. It also helped Alberta companies develop 126 new products, 23 of which were successfully introduced to the marketplace.

Working in partnership with the Ministry, 7 food service companies identified 42 new products to be developed with Alberta food companies. These efforts resulted in the introduction of 23 Alberta-manufactured food products that are listed with 3 food service companies.

The Ministry continued to support the development and commercialization of non-food (bio-industrial) products and technology applications utilizing agricultural inputs. Industry-led projects supported include development of bio-fibre based environmental products, feasibility assessment of green building materials, demonstration of biodiesel performance involving long distance trucking applications and commercial development of a lipid-based cosmetic ingredient technology.

The Rhodiola Rosea Project is continuing to deliver on the establishment of a complete value chain, from field to medicine cabinet, for a new medicinal herb crop in Alberta. The market demand for this product is extremely high, and Alberta's climate has given producers an advantage over its competitors. Ministry staff worked with producers to establish the Alberta Rhodiola Rosea Growers Association.

Business Development staff and the Agriculture Information Centre answered over 215 new venture business inquiries. Information and links to assess target markets were provided, and this support greatly assisted clients in determining their business decisions.

The Ministry made presentations regarding barley fermentation results implications at the annual general meetings of the Alberta Barley Commission and the Western Barley Growers. As a consequence, the Ministry is working with private sector companies to enhance partnership opportunities. Also, results of barley and triticale fermentations were shared with a private sector company that is currently using the information to make strategic decisions to incorporate these crops into ethanol processes.

DID YOU KNOW?

Did you know that value added exports represented 43 percent, or $2.9 billion of Alberta's total agri-food exports in 2007? Among the value added products showing increases were dairy products, processed vegetables and fruits, crude canola oil, processed meat, animal feed, honey, malt, and wheat flour. (Source: Statistics Canada)

Strategy:

Facilitate capital investment by industry, and grant better access to capital for farmers through opportunity identification, evaluation and lending products.

Results:

Granting better access to capital for farmers is essential for the industry to grow and gain a competitive advantage. Agriculture and Food has worked with Ministry partners to give producers more flexible options that lead to increased opportunities.

AFSC approved 1,220 loans totaling $209 million under the Alberta Farm Loan Program in 2007-08. This represents a 21 percent increase in the number of loans approved and a 22 percent increase in the amount of loans approved when compared to the previous year of 2006-2007.

AFSC developed a new Value-added and Agribusiness loan program in September 2007. As a result, agribusinesses now have access to longer term financing and flexible repayment options. This access to capital has allowed several businesses throughout Alberta to explore new market opportunities.

The Ministry has also worked with specific parts of the industry. For example, Ministry staff worked on the Greenhouse Situational Analysis Project, developed greenhouse specific financial management software and coached greenhouse managers on expansion opportunities. As a result, between $12 and $15 million in greenhouse capital expansion has occurred. In addition, the Ministry has participated in the Cut Flower Greenhouse Investment Project, the Alberta Greenhouse Vegetables — Future Sustainability Project and the Greenhouse Alternative Energy Project. Information developed in these projects was delivered to industry in support of marketing and expansion opportunities.

New legislation helped Alberta producers gain better access to capital. Amendments were made to the *Farm Implement Act* that allow financial institutions to offer leasing options for farm equipment directly to agricultural producers. Direct leasing and lease purchasing provide producers with greater consumer choice and lower costs. Producers remain well protected under this legislation as dealers and distributors will continue to provide warranty and parts for the farm equipment.

Strategy:

Advocate policies, develop and deliver programs or initiatives (such as the World Trade Organization Transition Assistance Program) and develop networks that facilitate market access, human resource development and industry competitiveness.

Results:

The Ministry advocated to the Federal Government for the removal of kernel visual distinguishability (KVD) from all classes of wheat. Ministry efforts contributed to the Federal Government decision to remove KVD from wheat effective August 1, 2008. KVD has proven to be an impediment to seed-driven innovation, and the removal of this requirement will promote research and development and add greater value throughout the wheat value chain.

The Ministry continued to pursue the goal of marketing choice for wheat and barley. The Ministry participated in court proceedings to support the deregulation of the barley market. These efforts culminated in the introduction of a Bill in Parliament that, if implemented, will allow marketing freedom for barley producers. The target for an open market is August 1, 2008. Marketing choice will give Alberta producers the freedom to explore more marketing opportunities to increase competitiveness.

Significant efforts were focused on transportation issues in the agriculture industry. The Ministry advocated for increased rail service levels and capacity that will allow Alberta producers to move their grain and market efficiently. Ministry efforts contributed to the Canadian Transportation Agency's decision that now allows companies to book 50 railway cars in advance instead of the current 100. In addition, companies will now be able to trade space with other shippers. Additionally, Member of the Legislative Assembly, Mr. Len Mitzel attended the National Summit on Agricultural and Food Truck Transport (NFSTT) in Washington, DC. As a result of attending this summit, the Ministry was able to meet with key legislators to advance Alberta's agriculture and agri-food interests and networks with key contacts in the U.S. transportation sector.

The Ministry worked with other governments, stakeholders and industry to advance trade opportunities for the agriculture sector. A number of trade missions were held in the past year to advance competitiveness for the industry. For example, at the Agricultural Accord, a forum for policy makers from Canada, the U.S. and Mexico, Minister Groeneveld advocated for full restoration of trade in cattle and beef products as well as voiced opposition to the U.S. country of origin legislation. The Ministry also coordinated the meeting of the Rural Development Tri-Lateral Working Group that also involved policy makers from Canada, the U.S. and Mexico. Minister Groeneveld addressed Alberta's Rural Development issues and the joint issues facing the three countries. Finally, the Ministry participated in World Trade Organization (WTO) negotiations with Canadian Ministers and WTO members in Geneva, Switzerland. The Ministry has continued to advocate for a new WTO agreement that will create significant new export opportunities that are critical for the growth and prosperity of Alberta's agriculture and food sector.

In May 2007, Minister Groeneveld appointed a team of 10 experts from government and industry to a Competitiveness Initiative Steering Group. This group has reviewed research, addressed information gaps and is providing government with recommendations to improve local, national and international competitiveness.

Strategy:

Develop and administer essential policy legislation and regulations.

Results:

The Ministry has completed the first phase of the Industry Governance Review, which has incorporated the review of the *Marketing of* Agricultural Products Act. Extensive consultation with 410 individuals as well as specific consultations with youth (18 to 35 year-old producers) occurred. The governance review is focused on identifying current issues and ideas for ways to improve industry performance, competitiveness and governance.

The *Animal Health Act* was developed and given Royal Assent in June 2007. The *Animal Health Act* replaced the *Livestock Diseases Act* created in 1946. This act allows Alberta to manage disease outbreaks, such as avian influenza should they occur.

The Ministry made significant progress in federal/provincial/territorial negotiations. On March 31, 2008, the Canada-Alberta Implementation Agreement, Collateral Agreements and the Agricultural Policy Framework/Growing Forward Continuity Agreements were signed. These agreements gave Alberta the authority to continue to claim federal funding and to identify eligible activities under the current APF agreement and the transition period between APF and Growing Forward.

Strategy:

Deliver and/or support targeted research, technology, information and services to enhance sustainability, competitiveness and market access.

Results:

Four barley cultivars developed by Ministry researchers were registered in 2007-2008. TR05671, TR05669, TR06673 and, BT577 are new varieties of barley suitable for crop production in western Canada. These varieties have various purposes and give producers more options for selecting malting, feed or multi-purpose barley. Also, researchers registered a new winter triticale variety, Luoma. This variety is high yielding, with excellent kernel size (high starch content), high bushel weight and carries greater leaf stem rust and stripe rust resistance compared to wheat.

The Ministry conducted a large scale survey of provincial beekeepers in response to high over-wintering losses in bee colonies. Results indicated that more than twice the long-term average of bees was lost during the 2006-2007 winter. The Ministry published a new factsheet titled *Honey Bees and Winterkill* to educate producers on best management practices and to reduce bee winterkill. Also, Alberta beekeepers exporting honey to Japan were supported through the provision of laboratory analysis and certificates indicating specific quality characteristics of their honey. Fifty-five certificates were provided for five different honey producers.

The *Alberta Clubroot Management Plan* was revised to create and facilitate the adoption of protocols to reduce the spread of the disease on Alberta land. Clubroot in Canola is a very serious issue, and the disease has a detrimental effect on crop yields. Reducing the spread of this disease is critical for industry competitiveness. Information was shared with all counties in the province to ensure consistent disease management and enforcement

The Ministry focused research and technology implementation efforts towards improving the livestock industry. The Ministry completed an initial project to increase awareness of bio-security in the livestock industry and educated producers to improve bio-security practices. In addition to bio-security awareness, several traceability technology assessments have been completed for cattle and horses, and a traceability pilot for sheep was initiated. Fifteen auction marts in Alberta have become automated to enhance traceability information exchange capabilities.

Rising energy prices and increased environmental benefits have encouraged the Ministry and industry to examine alternative fuel usages. The Ministry provided technical support for the On-farm Energy Efficiency Program. This program looked at reducing costs for hog, poultry and dairy operations, resulting in lower energy demands and reduced greenhouse gases. The Ministry has also provided technical expertise for the Alberta Pork biogas pilot plant as well as a biodiesel performance assessment in long distance trucking applications.

Alberta livestock producers were assisted through various animal health programs within the Ministry. For example, the Alberta Veterinary Surveillance Network monitors and maps the incidence of disease in 1.6 million dairy and beef cattle to provide an early warning system for foreign animal and emerging disease outbreaks in the province. Additionally, the Livestock Disease Investigation Network and Livestock Pathology Consultation Program investigated and provided consultation services on 103 unresolved animal health issues or significant herd problems that could not be resolved in the private sector.

Strategy:

Work with partners to ensure investment in essential physical infrastructure.

Results:

In May 2007, the first Canadian incubator for food processors was officially opened in Leduc. This incubator is dedicated to growing the food processing sector and provides up to eight businesses the opportunity to use one of the fully serviced processing suites. Currently five of the eight suites have been leased and are in production.

The Ministry has worked with industry and Institute for Food and Agricultural Sciences, Alberta (IFASA) partners to increase capital investment in infrastructure at Agri Food Discovery Place and Alberta Research Council Vegreville. In 2007-2008, a biopolymer pilot plant was commissioned to accelerate the commercialization of proprietary products and processes developed by the Biomaterials Research Team at the University of Alberta. Current products under development for industrial partners include bioplastics, cosmetics, automotive components, biocomposites and specialty chemicals.

The Ministry has worked with industry partners to improve crop production; $15.9 million in Irrigation Rehabilitation Program grants were administered for irrigation districts to properly maintain irrigation equipment, which allowed producers to increase crop yields.

Modernization of Ministry food safety laboratories also took place in 2007-2008. Continued updates to these facilities allow the Ministry to continue to support the industry. The containment Level 3 laboratory was accredited in support of expanded surveillance and research in poultry and livestock diseases.

Strategy:

Address the current labour shortage for the agriculture and food industry for Alberta by developing an Agriculture Workforce Strategy.

Results:

The Ministry provided support to assist 12 industry employers to undertake recruiting missions to foreign countries to recruit to 1,430 vacant positions. As a result of these missions, 1,077 temporary foreign workers were recruited. A total of 222 foreign workers were nominated for permanent residency under the Provincial Nominee Program.

In addition to recruitment, employee retention is critical for a successful industry. Information sessions on costs of turnover and strategies for employers to retain the best workers were delivered to over 100 representatives of processing companies and primary producers. Supervisory skill training was provided to 44 front line supervisors to help them improve skills that lead to reduced employee turnover. The Ministry also provided direct coaching to companies to assist them in developing strategies that can be used by industry to best address workforce shortage issues.

DID YOU KNOW?

Did you know that the average age of farm operators in Alberta is 52.2 years? (Source: Statistics Canada - 2006 Census of Agriculture)

Workplace shortages in the agriculture sector have led to the need for increased automation and productivity. The Ministry partnered with Edmonton Economic Development Corporation to deliver the Lean Manufacturing Project. This project helped nine food processing companies access consulting services to implement lean processes. In addition, automation and process efficiency assessments using third party engineering expertise have been delivered to 11 companies. One assessment project identified worker productivity improvements of 34 percent for 6 companies. The Ministry received approval to amend funding agreements to redirect $8 million to create automation and productivity initiatives that support the acquisition of new technologies and automated processes

GOAL 1 PERFORMANCE MEASURES	2006 – 2007 RESULT	2007 – 2008 TARGET	2007 – 2008 RESULT	2008 – 2009 TARGET
1.a Number of value-added products developed and successfully introduced to market with assistance from Agriculture and Food	91[1]	90	69	105
1.b Research and development investment by collaborators leveraged through Ministry resources ($ million)	4.2	10	6.9[2]	12
1.c Total leveraged investment in agri-industry businesses (farm businesses and agribusiness) facilitated by investment supported by Agricultural Financial Services Corporation lending services ($ million)[3]	273[4]	360	318	374

[1] The result for 2006-2007 has been restated from 89 to 91 as 2 products reported for 2007-2008 were confirmed to have been introduced to market in the 2006-2007 year.

[2] The result is not directly comparable to the target. The result is based expended amounts, while the target was based on project budget.

[3] Result reported refers to loans approved and or facilitated by Agricultural Financial Services Corporation.

[4] The result for 2006-2007 has been restated from 242 to 273 to reflect the change in methodology in the 2007-2008 year.

DID YOU KNOW?

Did you know that about two-thirds of Canadian beef processing occurs in Alberta? In 2007, cattle slaughter in federally and provincially inspected plants (excluding calves) was 2.2 million head or about 63 percent of the Canadian total of 3.5 million. (Source: Canadian Beef Grading Agency)

Goal 2

Continued Excellence in Food Safety

This goal recognizes that a reputation for excellence is essential to maintaining consumer confidence and to expand domestic and international markets.

The Ministry contributes to this goal by promoting or directing the implementation of food safety systems in food production. This is achieved through essential food safety legislation, regulations, policy, education and through surveillance systems that support consumer confidence and market access.

Goal 2 Expense $16.1 Million

Key contributions to the achievement of this goal include partnerships with other jurisdictions that share legislative responsibilities for food safety, education to increase industry awareness of and assistance to facilitate adoption of international food safety control systems, scientific information that produces clear recommendations to reduce food safety risks and appropriate food safety surveillance, regulatory inspections and enforcement.

Ensuring Alberta's interests are represented in traceability initiatives that involve other jurisdictions as well as enhancing food traceability systems to reduce risks to Alberta's agriculture industry and enhance consumer confidence also contribute to continued excellence in food safety.

Strategy:

Facilitate adoption of internationally accepted food safety systems and standards in production and processing of Alberta food.

Results:

Additional components of the Alberta Hazard Analysis Critical Control Point (HACCP) Advantage Program (AHA!) were implemented to provide access to food safety process control system certification for Alberta food processors. The HACCP system is an internationally recognized, science-based food safety system that prevents, eliminates and reduces hazards. Rather than relying on end product testing to detect failures, HACCP applies control measures at critical points of the production process. HACCP differs from an inspection-based system because it identifies and addresses hazards before they emerge. The AHA! Program provides participants with an Alberta-based HACCP standard, resource material, and a recognition protocol. Grants from the Federal Food Safety Initiative Program of the Agricultural Policy Framework have been provided to 148 processors totaling $1.6 million.

The Ministry also promotes the national On-farm Food Safety Program (OFFS). An OFFS program is a systematic, HACCP-based approach to the production of safe products at the farm level. OFFS programs provide producers with a set of good production practices, control measures, producer manual, and management manual. The Ministry provided recommendations for the development of OFFS protocols and recognition oversight to the federal/provincial/territorial committee on food safety. The Ministry provided input into four OFFS programs that were technically reviewed under the national recognition program.

In July 2007, a new federal enhanced feed ban came into effect. Specified Risk Materials (SRM) in cattle must be excluded from all animal feed, pet food and fertilizer, and must be destroyed or contained in an approved manner. The Ministry has assisted in educating Alberta abattoir operators about the enhanced requirements, and the Canadian Food Inspection Agency has confirmed through their auditing process that Alberta abattoirs are compliant with the enhanced feed ban. The Ministry monitored the effects of the federal enhanced feed ban on factors such as prices of cattle and meat and bone meal. This provided information to assess the effect of the enhanced ban on restoring confidence of the non-ruminant feeding industry in non-SRM meat and bone meal and overall economic competitiveness of the entire beef supply chain. Additionally, the Ministry worked with stakeholders and partners to help ease the financial burden created by implementation requirements by providing $1.8 million to 90 recipients to offset increased costs. A total of $8.5 million was provided from a shared federal-provincial program for infrastructure and equipment in support of SRM segregation and destruction.

Strategy:

Maintain a continually improving surveillance system that validates and identifies opportunities for enhancing the safety of Alberta's agriculture and food products.

Results:

A surveillance system that validates and identifies opportunities for enhancing the safety of Alberta's agriculture and food products is critical to the success/competitiveness of the industry. There is an increased global demand by consumers and markets for assurance of the safety of agriculture and food products.

Several food safety surveillance studies were conducted in 2007-2008. These studies are necessary for the Ministry to gain relevant information about Alberta agri-food production. One example is a study that measured the prevalence and distribution of *Listeria* in poultry processing facilities. The results of the study have assisted in reducing the risk of food-borne contamination. Other studies involved surveillance of the levels of veterinary drugs in honey and pork, and contributed to better production practices. Testing for antimicrobials and contaminants in Alberta products provided baseline information to determine potential risks for consumers.

The Ministry received ISO 17025 accreditation for its food safety and animal health laboratories. Accreditation was received through an audit process conducted by the Standards Council of Canada. This accreditation provides confidence in the quality of testing results used to confirm the safety of Alberta's animal and food products to both local and international clients.

DID YOU KNOW?

Did you know that agriculture and food processing industries employed 73,700 Albertans in 2007? Of this total, 50,400 were employed in primary agriculture and 23,300 in food and beverage industries. (Source: Statistics Canada)

Strategy:

Ensure Alberta's interests are reflected in national, provincial and industry food safety and traceability initiatives.

Results:

Development of national strategies is critical to improving coordination of activities and leveraging resources to achieve targeted outcomes. The Ministry provided leadership in the development of a national food safety strategy that supports the objectives of improved public health by reduced exposure to chemical and biological hazards in foods as well as improved food safety controls by industry. The intent is to ensure the collaboration of federal, provincial and territorial governments, as well as national and provincial food associations in support of these achievements. The Ministry also participated in the development of a Canadian meat hygiene strategy, a national farmed animal health strategy and an Alberta Food Safety Strategy. It is crucial that Alberta continues to strengthen food safety and animal health processes and outcomes to maintain the confidence of consumers and trading partners. Confidence contributes to industry competitiveness and increased market opportunities.

Traceability is becoming increasingly important to a sustainable agriculture industry. Alberta completed a strategic plan for traceability. Under that plan, traceability initiatives are conducted in partnership with industry and other government partners. Initiatives, projects and programs facilitate industry/government capability in emergency response, retail traceback, product and animal identification and full animal/value attribute tracking.

As part of the federal/provincial/territorial Task Team, Alberta provided input into a national strategic framework and implementation plan for traceability that was initiated and completed in 2007-2008. Alberta also provided input into the Growing Forward Agreement in which traceability is a key component.

Strategy:

Enhance food traceability systems to reduce risks to Alberta's agriculture and agri-food industry, enhance consumer confidence and market access for Alberta agri-food products.

Results:

Premise identification is one of the three key pillars of Alberta's agriculture and agri-food traceability system. The intent of premise identification is to identify all agriculture and food premises where animals, plants and food are grown, kept, assembled, or disposed of. In partnership with the Canadian Cattle Identification Agency and other agencies, the Ministry has developed a prototype Alberta Premises Identification System and purchased infrastructure to allow the Ministry to proceed with the implementation of agricultural premise identification processes.

A market development strategy was also produced for the traceability initiative.

Strategy:

Review and administer essential policy, legislation and regulation and facilitate emergency response.

Results:

The *Livestock Commerce and Animal Inspection Statutes Amendment Act* was introduced in November 2007. This proposed amendment act streamlines the original legislation and eases the transition into the *Livestock Industry Commerce Act*. The purpose of this act is to facilitate fair commerce, increase the protection available for livestock buyers and promote the integrity of marketing practices within the industry.

Through consultations with industry and other levels of government, Alberta will prepare and respond to emergencies and disease outbreaks, minimizing negative effects on producers and consumers. The Ministry participated in the Canada Alberta Partners in Food Safety Committee in partnership with representatives from Alberta Health and Wellness, Health Canada, Canadian Food Inspection Agency and Regional Health Authorities. Under this committee, Alberta's food-borne illness response protocol was tested and enhanced, ensuring a coordinated response to food-borne illnesses. The committee was involved in responding to *E. coli* in donairs and milk product recalls. The Ministry prepared a study on the long-term effects on food processors involved in recalls. The study emphasized the value of preventive processes to reducing the risk of producing unsafe food resulting in recall.

ANIMALS SLAUGHTERED BY ARD LICENSED ABATTOIRS (APRIL 1, 2007 - MARCH 31, 2008)			
RED MEAT		POULTRY	
Total Numbers	197,448	Total Numbers	3,397,466
Hogs	118,347	Broiler Chickens	3,012,090
Cattle	36,098	Domestic Fowl	259,353
Lamb	25,281	Turkeys	107,762
Goats	6,474	Ducks	8,703
Buffalo	3,852	Geese	7,008
Other	7,396	Other	2,550

Strategy:

Develop and transfer knowledge and technology in support of safe food production and processing.

Results:

Technology is advancing at a rapid rate. Many of these advancements contribute to the wealth of knowledge required to increase the safe production and processing of food.

The Ministry completed a 2-year comprehensive assessment of the quality of irrigation water used for crop production in 13 irrigation districts. The results of the study were shared with irrigation districts and key food processors, to facilitate evaluation of the risks posed by the water.

Ministry efforts were also focused on various studies related to safe food production and processing. For example, the Ministry tested organic acid spray washes as intervention strategies for food-borne disease agent reduction on beef and pork carcasses in provincial abattoirs. The use of chlorine dioxide in carcass cooling tanks was assessed as an intervention strategy to enhance the safety of poultry processed by provincially-licensed abattoirs. The prevalence of *Salmonella* in Alberta's poultry industry was determined to assess the risk of and identify potential mitigation strategies to reduce the risk to consumers from this food-borne disease agent.

New food processors were supported in product or process development at the Ministry's Food Processing Development Centre. Part of the development process includes training and education about preventative food safety systems and the development and implementation of HACCP plans for the safe manufacture of new food products. As food processors in Alberta become more knowledgeable they contribute to providing safer food products for consumers.

Strategy:

Deliver information and programs that enhance Alberta's reputation for safe food production and support access to domestic and international markets.

Results:

Alberta has a reputation for safe food production and practices. Confidence of consumers in Alberta-produced food depends on their awareness of safety protocols.

Alberta tested 6,097 farmed cervids under its Chronic Wasting Disease (CWD) Mandatory Surveillance Program. All samples were negative. This program assists cervid farmers in Alberta to demonstrate freedom from disease and allows their animals and products access to external markets. Testing for CWD enhanced access to European markets for elk, assisted Alberta Sustainable Resource Development in reducing the spread in wild deer populations, in turn reducing the risk of spread to Alberta's farmed elk and deer populations.

In support of the Canada-Alberta BSE program, 25,941 samples were tested at a cost of $12 million. This contributed to restoring confidence in Canada's BSE control program and elevated Canada's international status to a controlled-BSE-risk country.

Ministry efforts regarding food safety were communicated through various mechanisms. The Ministry released over 35 Call of the Land radio interviews and Agri-news articles making direct reference to the safety of Alberta produced-food. Food safety information was also presented though manned displays at events across the province, such as the Calgary Stampede and the Northlands Farm and Ranch Show.

DID YOU KNOW?

Did you know that Alberta farm cash receipts totaled $8.7 billion in 2007? Livestock and livestock products accounted for 50.5 per cent of these receipts, with crops and direct program payments accounting for 39.1 and 10.4 per cent respectively. (Source: Statistics Canada)

GOAL 2 PERFORMANCE MEASURES	2006-2007 RESULT	2007-2008 TARGET	2007-2008 RESULT	2008-2009 TARGET
2.a Number of surveillance and monitoring initiatives designed to measure hazards in food production.	18	18	15	n/a[1]
2.b Percentage of Alberta production produced under On Farm Food Safety programs.				
■ chicken farms	100%	98%	100%	n/a[1]
■ hog farms	100%	98%	94%	n/a[1]
2.c Number of On Farm Food Safety (cumulative)	2005-06			
■ trained beef feedlot and cow/calf operator	1,447[2]	2,700	2,329	n/a[1]
■ certified beef feedlot and cow/ calf operations	14	41	66	n/a[1]
2.d Percentage of Alberta licensed abattoirs that have added a preventative system to their existing food safety system	22%	45%	52%	75%
■ Red meat – Meat Facilities Standard				
2.e Number of Alberta food processing facilities participating in the Alberta HACCP Advantage Program (cumulative)	2005-06 0[3]	80	148	160

[1] The 2008-2009 targets for these measures are reported as n/a as these measures have been removed from future business plans.

[2] The cumulative number of beef feedlot and cow/calf operators trained in on farm food safety has been revised to 1,447 from the previously forecasted number of 1,700 to reflect current information provided by Alberta Beef Quality Start Here.

[3] The last actual for 2005-2006 is reported here as "0" because this program began in April 2006. The first payment issued to a participant in the AHA program was issued in December 2006. Cheques are issued upon the completion of a work plan, which is developed as part of the funding process. Work plan may take up to a year to complete.

DID YOU KNOW?

Did you know that Alberta is the largest cattle producing province in Canada? It led the nation in cattle and calf inventories with 5.6 million head as of January 1, 2008. (Source: Statistics Canada)

Core Business Two: Support and Strengthen Rural Sustainability

This core business:

- Contributes to the government priorities: **Manage Growth Pressures** and **Improve Albertans Quality of Life.**
- Relates to maintaining and improving agriculture's physical and human resource base.
- Promotes strong rural community capacity.

Core Business Cost $65.7 Million

Goal 3

Improved Environmental Stewardship

This goal recognizes that it is the role of the Ministry to assist the agriculture and food industry to maintain or improve management systems that reduce environmental risks and support the competitiveness of the industry regarding Alberta's air, water and land for the well being of current and future generations. The Ministry contributes to this goal through essential policy, legislation, information and services related to water quality, air quality, climate change and bio diversity.

Goal 3 Expense $15 Million

Key contributions to achievement of this goal include: research conducted to develop improved beneficial management practices for crop and livestock production; technology and knowledge transfer that allows the industry to become more environmentally sustainable; and creating benchmarks and performance standards that evidence the sustainability of Alberta's water, air and soil quality. The Institute for Agriculture, Forestry and the Environment was created to identify market-based solutions that increase environmentally sound practices in the renewable resource sectors.

Strategy:

Support and conduct applied/adaptive research and evaluations to develop economically sound, environmentally friendly beneficial management practices for relevant areas of crop and livestock production and agricultural processing.

Results:

Developing beneficial management practices that are both economically feasible and environmentally sound is very important for the agriculture sector. The Ministry is committed to conducting research and evaluations to assist industry to reduce the detrimental environmental impacts of crop and livestock production as well as agricultural processing.

In 2007-2008 the Ministry initiated nine new Alberta Environmentally Sustainable Agriculture (AESA) Processing Agreements. Three of these agreements have been completed, and six are ongoing. The AESA processing program provided $110,434 in funding to processors who committed to projects that reduce the environmental impact of agricultural processing through resource conservation, packaging and waste reduction or environmental management.

Partnering with industry and other research facilities is necessary for the Ministry to achieve this strategy. The Ministry, in cooperation with livestock producers, initiated a 5-year $15 million watershed scale research study to identify and assess management practices that will mitigate the industry's impacts on surface water quality. The Ministry also partnered with Agrium to initiate a 4-year

$8 million agronomic research project to assess the effectiveness of environmentally-smart nitrogen fertilizer. This project is intended to identify practices that increase nitrogen fertilizer use efficiency, enhance crop productivity, reduce environmental effects and improve economic competitiveness.

The Ministry has also partnered with Agriculture and Agri-Food Canada and various industry commodity groups to conduct several applied research projects. These projects were focused toward improving on-farm irrigation water use efficiency, enhancing the commercialization of emerging crops, and increasing the productivity of water used for irrigated crop production. The Ministry also worked in cooperation with the service industry, Southern Applied Research Association, Alberta Pulse Growers and producers and manufacturers to assess, develop and demonstrate sprayer application technologies. The analysis is intended to reduce spray losses, improve effectiveness, and develop the most efficient application system for crop production.

The Ministry has partnered with Climate Change Central and private industry to develop an On-farm Energy Efficiency Program in Alberta. Dairy, poultry and swine producers in southern Alberta can receive an energy assessment determine opportunities to save money and enhance their competitiveness.

The Climate Change Strategy was completed. This strategy will guide the Ministry in facilitation of agricultural greenhouse gas mitigation, carbon offset market and adaptation opportunities.

Strategy:

Transfer integrated technology and knowledge to assist the industry in becoming more environmentally sustainable, including provision of support for adoption of environmental farm plans.

Results:

The Ministry is committed to transferring knowledge and technology to help the industry become more environmentally sustainable. Transition assistance funding was provided to the Alberta Environmental Farm Plan Company (AEFP) to support the capacity to deliver environmental programming. The Ministry also provided technical expertise at various AEFP workshops throughout the province to increase awareness of on-farm environmental risks.

Funding and support for 38 extension programs was provided by the Ministry that covered 14 agriculture groups, 45 municipalities and one First Nations group. These programs have facilitated increased adoption of beneficial management practices (BMP'S). The Ministry, in collaboration with Alberta Environment, Prairie Farm Rehabilitation Administration and a number of municipalities and regional health authorities, developed, pilot-tested and provincially deployed an extension program to teach rural landowners basic information regarding the proper design, construction, protection, maintenance and decommissioning of drinking water wells.

The Ministry, in collaboration with Agriculture and Agri-Food Canada and industry producer organizations, evaluated on-farm irrigation systems to help improve water use efficiency and increase crop yield and quality. Web-based computer models were updated to allow producers the ability to better match irrigation delivery with crop water requirements, to reduce both water and energy use. Climate change models were developed to improve assessments of future water supply and irrigation water demands to help irrigation producers adapt to future global warming scenarios.

Near real-time weather data from 18 weather stations in the irrigated areas was provided to agricultural producers to support web-based irrigation scheduling for improved water and energy use efficiencies in Southern Alberta.

The Ministry provided technical extension support to confined feeding operation producers to ensure the province's livestock industry can grow to meet opportunities presented by local and world markets in an environmentally sustainable manner. The Ministry also works with the Natural Resources Conservation Board to support the effective delivery of the *Agricultural Operation Practices Act* (AOPA).

Effective nutrient management information is critical to assisting the industry to become more environmentally sustainable. The Ministry developed a *Nutrient Management Planning Guide* for managers of manure and fertilizer. This guide provides options for maximizing the economic benefit of nutrients in an efficient and environmentally responsible way. Several other nutrient management tools including a manure transportation calculator, ammonia emissions calculator and a manure training site have also been developed and are available on the Ministry web-site (agriculture.alberta.ca).

Strategy:

In consultation with the industry and other involved Ministries, provide guidelines, standards, regulations and legislation for environmental performance requirements to sustain the quality of Alberta's soil, water and air.

Results:

The Ministry has dedicated significant human and capital resources toward improved environmental stewardship. Full achievement of this goal will require effective partnerships and collaboration with industry and other government ministries.

The Ministry assisted Alberta Sustainable Resource Development in developing the Land Use Framework. Several stakeholder consultations were held throughout the province, and the Ministry worked with industry to ensure that the interests of the agriculture sector were appropriately reflected in the final framework.

Effective water use is essential in the agriculture industry. The Ministry has participated in several collaborative efforts within the framework of the Water for Life Strategy. Collaboration with other Government of Alberta ministries occurred to represent provincial interests during shared governance processes such as negotiation of bilateral agreements with neighboring jurisdictions, policy development through the Alberta Water Council and watershed management planning. The Ministry also facilitated collaboration with other Ministries on program development and delivery. Additionally, the Ministry also allocated $1 million in cost-shared infrastructure funding to irrigation rehabilitation projects that specifically address the desired outcomes of the Water for Life Strategy.

DID YOU KNOW?

Did you know that there are 49,431 farms in Alberta? Total farmland area is 52.1 Million acres, with an average farm size of 1,055 acres. (2006 Census of Agriculture)

Strategy:

Monitor the effect of the agricultural production and processing industry on soil and water quality.

Results:

The Ministry, in partnership with industry, continued to monitor the environmental effect of agricultural production and processing. In 2007-2008, the Ministry completed a soil and water quality monitoring project funded by Alberta Environmentally Sustainable Agriculture (AESA). This assessment analyzed the effects of agriculture on soil and surface water quality. Results from the assessment have been shared with industry and agricultural organizations to improve beneficial management practices.

The Ministry also measured the outlet water quality of 23 watersheds of varying agricultural intensity across the Alberta. Additionally, testing increased knowledge regarding veterinary drug residues in surface water as a result of agricultural production.

Strategy:

Lead the establishment of an institute to identify market-based solutions to increase environmentally sound practices in the renewable resource sectors.

Results:

Dr. Ken Nichol has been appointed as chair of the Institute of Agriculture, Forestry and the Environment. The institute will help Alberta to green its growth and brand Alberta as an environmental leader and innovator. The institute is expected to do the following:

1. Develop a recommended policy framework for environmental goods and services markets within Alberta.
2. Develop a recommended approach to documenting the environmentally-sound production practices used to produce renewable resource products in Alberta.
3. Identify environmentally sound practices used in other parts of the world that can be adopted to increase market access for Alberta's renewable resource industries.

Results and progress pertaining to the institute will be published in future Ministry annual reports.

GOAL 3 PERFORMANCE MEASURES	2006-2007 RESULT	2007-2008 TARGET	2007-2008 RESULT	2008-2009 TARGET
3.a Percentage of producer survey respondents who have adopted improved environmentally sustainable agriculture practices	n/a[1]	58%[2]	58%	n/a[3]
3.b Number of producers provided with specific training and technical support to enable the development of environmental farm plans	8,573	6,500	10,310	8,000

[1] Result is not applicable as the survey is completed every three years.

[2] Target of 58% for 2007-2008 was misreported as n/a in the 2007-10 Agriculture and Food Business Plan. The forecasted target of 58% for 2007-2008 was reported accurately in the 2005-08 and 2006-09 Agriculture and Food Business Plans.

[3] Target for this measure is not applicable for 2008-2009 fiscal year as the survey is completed every third year for this measure. The next survey will be completed in the 2010-2011 fiscal year.

Goal 4

Support Strengthened Rural Communities

This goal recognizes that vibrant rural communities strongly contribute to a prosperous province. The Ministry contributes to this goal by providing leadership and skill development to members of rural communities.

For rural communities to function effectively, it is essential that the appropriate infrastructure be in place. The Ministry provides grant funding to irrigation districts to improve water conveyance. Rural gas distributors and rural electric utilities also receive grant funding to extend essential utility services to rural Albertans. Agricultural societies receive financial support through grant programs to build new or upgrade community facilities. This funding also allows communities to deliver events such as rodeos and fairs. Agricultural Service Boards also receive grant support for pest and weed control as well as soil and water conservation.

Sustainability and growth of rural businesses are essential to maintaining strong rural communities. The Ministry is committed to working with rural businesses and their support networks to ensure they are positioned to take advantage of opportunities. Strong businesses located in rural centers are essential for rural communities to maintain and grow their human and capital resources.

During the past year, the Ministry supported the priorities of the Rural Development Strategy. With the announcement of a new Ministry structure on March 12, 2008 Agriculture and Rural Development assumed responsibility for leading the ongoing implementation of this strategy. The Rural Development Strategy is promotes and a balanced and focused effort on social, economic and environmental priorities by all stakeholders in support of community prosperity.

Goal 4 Expense $50.7 Million

Key contributions to achievement of this goal include providing training and leadership to rural community and business leaders. Assisting with rural business diversification and contributing to planning of future rural development will also strengthen Alberta's rural communities.

Strategy:

Support the development of rural organizations and their infrastructure.

Results:

The Ministry provided grant support to a number of rural communities and organizations to strengthen rural organizations and their infrastructure. The Ministry provided $10.6 million to Agricultural Service Boards to support delivery of municipal projects, programs and services and the enforcement of legislation related to both weed and pest control and soil and water conservation. The 286 Agricultural Societies throughout the province benefited from a total of $13.7 million in grant funding. As a result of this funding, leadership and training activities occurred, community facilities were constructed and upgraded and agricultural activities were enhanced. Additionally, $2.9 million dollars was provided through the Agricultural Initiatives Program. These funds supported 94 community-initiated projects that facilitated an improved quality of life for members of agricultural communities.

Rural utility grant funding was also provided to rural businesses and residents. Through this funding $1.037 million in heating rebates was provided to Albertans residing in remote communities to help reduce the high costs of propane and heating oil. Additionally, $5.7 million was provided to help lower the cost of installing 4,814 natural gas services. The Ministry also provided $1.3 million in grant support to help lower the cost of constructing 584 rural electric services to Alberta farmers.

The Ministry also focused efforts on the development of rural organizations. The 4-H program is prevalent in Alberta and provides children and adults in rural communities with various opportunities. More than 90 percent of 4-H districts have key leaders in place, ensuring the continuity and evolution of 4-H in developing youth and supporting rural communities.

Strategy:

Provide leadership and skill development for youth and adults actively engaged in or able to contribute to the agriculture industry.

Results:

It is necessary for the Ministry to provide leadership and skill development to youth and adults engaged in the agriculture industry. As youth transition into various opportunities in the agriculture industry, they need to be equipped with knowledge and training that will allow them to succeed.

In 2007-2008, ten Agri-Preneur scholarships were presented to recipients across Alberta. Funds from these scholarships allowed Alberta Agri-Preneurs to attend educational out-of- province national and international conferences. The scholarship program also allowed for self directed learning tours, which presented Alberta Agri-Preneurs with the opportunity to directly network with farm direct or agricultural tourism operators from outside the province. The scholarship recipients acted as ambassadors to the Alberta farm direct and agricultural tourism industries. Upon returning from the conference or self directed tour, recipients shared their results and experiences with industry. This knowledge transfer greatly assisted the agriculture industry.

The Ministry continues to provide youth and adults excellent opportunities and skill development through Ministry programming such as 4-H. Through the 4-H program, various projects are available ranging from small animals to photography and veterinary sciences. In 2007-2008 fiscal year, 587 leaders and 1,997 members participated in Ministry programming, such as 4-H.

Partnering with schools allows youth to increase leadership and skill development. The Ministry has engaged a rural school in a pilot project in an attempt to increase 4-H membership. This project has enhanced Career and Technology Studies options available to junior high students. The Ministry, in cooperation with Alberta Education, has also been active in revisions to the Career and Technologies Studies.

Agricultural resource training has also been provided to hundreds of Alberta teachers through the "Ag Ambassador" newsletter and professional development events. The Green Certificate Program enrolled 420 high school students and certified 358 trainees in 2007-2008. This program creates opportunities for students to gain experience through an apprenticeship style of learning in agriculture-related businesses.

The Ministry continued to explore and create alternative modes for leadership and skill development delivery. E-learning options such as a weed management course, a farm safety quiz and Managing a Cow-Calf Business were all delivered to youth and adults in the past year.

Strategy:

Facilitate the growth and development of diverse agricultural and rural related businesses and their networks

Results:

The Ministry is committed to assisting the development and growth of rural businesses. Successful businesses are an incredible asset to rural communities. These businesses create opportunities for community members.

AFSC has assisted an increased number of rural businesses with direct loans and leveraged investment. In 2007-2008, AFSC assisted 1,493 rural businesses with direct loans totaling $261.4 million, which resulted in excess of $371.4 million of leveraged investment.

The Ministry also administered the Agriculture Opportunity Fund. This fund leveraged $1.5 million of investment in projects that provided a $100 million effect throughout rural Alberta through various industry organizations.

The Ministry works directly with rural businesses to facilitate growth. In 2007-2008, interactive decision making tools were developed to assess farm direct business expansion opportunities. Some of these tools include selling at Farmers Markets, building an on-farm butchery, adding a maze and offering for profit school tours. In addition, the Ministry assisted Alberta innovators in the development of products. Ministry assistance with portable watering systems and direct seeding tools has allowed for commercialization and an independent assessment of products for marketing or planning purposes.

The Dine Alberta Program received outstanding support in 2007-2008. In 2007, one hundred and twenty-seven restaurants registered as Dine Alberta participants. This program showcases locally grown cuisine across Alberta.

Rural businesses and organizations are provided opportunities to facilitate business networks with assistance from the Ministry. The Ministry website Ropin' the Web, the radio show Call of the Land, and various other media such as the weekly Agri-News package have allowed rural businesses to become more informed regarding opportunities that will assist in growing their businesses.

DID YOU KNOW?

Did you know that almost 600,000 Albertans live in rural areas with populations of less than 1000 people? (Source: Statistics Canada - 2006 Census of Population)

Strategy:

Support a collaborative, cross-Ministry approach that responds to the priorities of the Rural Development Strategy.

Results:

The Ministry is committed to supporting an approach that responds to the priorities of the Rural Development Strategy. The four pillars of the Rural Development Strategy are economic growth, community capacity, quality of life and infrastructure, health care and learning and skill development.

The Ministry worked with other government ministries while participating in the Capital Planning Initiative process. During these consultations, the data and support for the capital funding requirements of agriculture were presented and supported appropriately.

Agriculture and Food strongly contributed to two significant outcomes relating to the Rural Development Strategy in 2007-2008. Rural Alberta's Development Fund is a $100 million fund that provides supports to projects that contributes to the outcomes identified in the Rural Development Strategy. During 2007-2008, Agriculture and Food contributed to determining the outcomes that projects eligible for funding must consider. The Ministry also made a strong contribution to the Progress Report of the Rural Development Strategy. The efforts of Ministry staff in partnership with other ministries and organizations created awareness among Albertans of the progress being made regarding rural development.

GOAL 4 PERFORMANCE MEASURES	2006-2007 RESULT	2007-2008 TARGET	2007-2008 RESULT	2008-2009 TARGET
4.a Total investment leveraged in rural businesses facilitated through Agricultural Financial Services Corporation lending services ($ million)[1]	399[2]	455	372	473
4.b Percentage of Ministry-supported, agriculture-related community activities that focus on leadership development	32%	30%	31%	30%
4.c Percentage of rural youth and adults participating in Ministry-supported programs that report effective learning from those programs	92%	90%	92%	90%

[1] Result reported refers loans approved and or facilitated by Agricultural Financial Services Corporation.

[2] The result for 2006-2007 has been restated from 186 to 399 to reflect the change in methodology in the 2007-2008 year.

DID YOU KNOW?

Did you know that irrigation was used for 1.7 million acres in Alberta in 2007?
(Source: Irrigation Development, ARD)

Core Business Three: Strengthen Business Risk Management

This core business:

- Contributes to the government priority: **Build a Stronger Alberta.**
- Provides effective programs for industry sustainability and growth.
- Provides risk management tools and training.

Core Business Cost $580.5 Million

Goal 5

Effective Risk Management Decisions by Agricultural Business Managers

This goal recognizes that risk management is critical to the success of agricultural businesses. Risk management training and the dissemination of relevant information will be accomplished through cooperative partnerships fostered between the Ministry and the private sector. Appropriate risk management tools and instruments will aid managers in identifying and adopting the most economical and effective business management practices to sustain, grow and increase the profitability of their businesses.

Goal 5 Expense $4.1 Million

This goal is manager-driven with Ministry staff and industry partners focusing on providing appropriate and relevant information and training to agricultural business managers. The manager makes the decisions, not government on behalf of the manager.

Key contributions towards achievement of this goal include the development and enhancement of financial and weather-related risk management tools. Continued partnerships with other provincial governments, the federal government and industry organizations will assist in increased farm safety and better risk management decisions for individual businesses.

Strategy:

Determine risk management information needs of business managers in the primary and value added sectors.

Results:

Consultation with the industry is essential to determining the risk management needs of business managers in the agriculture sector.

Among other consultations, in November 2007, the Minister met with 61 representatives from Alberta's agriculture, agri-food and agri-products sector. At the session, participants prioritized the outcomes and program directions Alberta should take in the multilateral and bilateral Growing Forward negotiations. Ministry staff has since worked to align program concepts with the Ministry business plan and the national policy framework.

The Ministry partnered with Agriculture and Agri-Food Canada and other provinces in the development of a new measure for farm income forecasting, namely, the Gross Value-added Account. The Account measures total revenue from farm production and makes allowance for expenses on inputs and taxes, but not other expenses such as depreciation, wages, rent and interest.

The Ministry also conducted food safety gap assessments for 47 processors to determine the status of their food safety programs and to identify priority risks to food safety. Processors were provided with relevant information and assisted in developing a plan to control identified risks.

Strategy:

Collect, develop and distribute data and information to support business risk management decisions in the primary and value added sectors.

Results:

The Ministry and AFSC partnered with Agriculture and Agri Food Canada and Alberta Environment to expand the provincial meteorology network to a total of 69 stations in agricultural regions of Alberta. This network of stations is managed by the Ministry and is one of the largest provincially operated near-real-time networks in the country. This meteorology network provides weather information for functions such as drought monitoring, flood forecasting, moisture-based crop insurance, irrigation scheduling, crop disease forecasting and climate change analysis.

Targeted insect pest forecasts for the 2008 crop year were completed and posted on the Ministry website, Ropin' the Web. Pest monitoring activities result in savings to producers, better pest management procedures and increased crop quality. Knowing which pests, such as Bertha Army Worms or grasshoppers, are in outbreak situations allows producers to make management decisions based on economic thresholds.

A monthly survey was conducted in 20 locations across Alberta to monitor prices for 53 selected farm inputs. The information was distributed to 274 clients across the province, including industry representatives, government officials and financial institutions. This updated data assisted various clients in making informed risk management decisions.

Through the AgriProfit$ program, the Ministry delivered production and business performance information and benchmarks to Alberta producers. This information highlights the effect and implications of risks in managing agribusinesses.

The Ministry places great importance on ensuring our clients are aware of their rights. The Ministry enhanced consumer protection by releasing several announcements in both print and radio media related to issues such as auction purchases and sales and the *Farm Implement Act*. This Act provides consumer protection through warranty, parts availability and licensing provisions for farm equipment purchases and producer rights when dealing with seismic development.

The Ministry analyzed court decisions from surface rights hearings. Results of this detailed analysis are communicated to landowners to enhance awareness in managing dealings with companies interested in oil and gas exploration. The Ministry also communicated beneficial management practices for surface lease agreements.

DID YOU KNOW?

Did you know that producers spent an estimated $7.3 billion in farm operating expenses in 2007? Commercial feed was the highest expense at $1.1 billion. (Source: Statistics Canada)

Strategy:

Facilitate the development and use of analytical tools to proactively identify, measure and manage business risk in the primary and value-added sectors.

Results:

The Ministry consulted with industry and made revisions to the Feedlot Investment Risk Simulation Tool (FIR$T), a software tool available on the Ministry website. This program analyzes cattle feeding investments and assists managers in evaluating market risk and in making break-even and cost of gain calculations.

CropChoice$, a risk management software tool, was redesigned to support understanding of AFSC individual base coverage and customized crop insurance levels and premiums. CropChoice$ is available on the Ministry website. This tool helps farmers assess their yield and price risks.

The web-based Alberta Climate Information System was updated and enhanced to assist producers with crop and irrigation management decisions. This system gives producers up-to-date weather information.

The Surface Lease Compensation Mapping Project was completed. The project provides producers and landowners with information regarding the compensation paid by oil and gas companies to landowners across the province. Prior to the project's completion, producers did not have access to information about past precedents or comparables upon which to base their negotiations. Increased access to information has increased producers awareness and opportunities when negotiating surface lease agreements.

Strategy:

In collaboration with the private sector, provide information and training on business risk management tools and strategies in the primary and value-added sectors.

Results:

The Ministry conducted industry-sponsored business and risk training for agribusiness managers and leading edge producers. Staff worked with marketing clubs and beef and forage associations to promote improved market and business risk management.

Ministry staff organized a conference entitled "Risk Choices – Risk Management." The conference was attended by 31 value-added business clients, industry representatives and Ministry Industry Development Officers. The goal of the conference was to enhance risk management knowledge to facilitate improved profitability and sustainability.

Farm safety is an essential component of business risk management. The Ministry has partnered with industry, the media, and private sector organizations to increase awareness around farm safety issues. Various resources such as compact discs and newsletters have been developed and distributed to industry. Farm Safety Week, which ran from March 12 to March 18, 2008, showcased the work of the Ministry with various events and media releases related to farm safety. As a result of Ministry efforts, Alberta has seen improved farm safety practices across the province.

GOAL 5 PERFORMANCE MEASURE	2006-2007 RESULT	2007-2008 TARGET	2007-2008 RESULT	2008-2009 TARGET
5.a Percentage of managers surveyed indicating the use of risk management tools for improved decision making	22%[2]	n/a[1]	22%[2]	30%

1 Target for this measure is not applicable for the 2007-08 fiscal year as the survey is completed every third year for this measure. The next survey will be completed in the 2008-2009 fiscal year.

2 The 2007-08 result for this measure is the same as the 2005-2006 result as it based on the most recent data available.

Goal 6

Effective Programs for Long-term Industry Stability

This goal recognizes the need for proactive financial risk management programming and disaster support in the absence of effective private sector tools when natural and market events occur that are beyond agribusiness managers' control. Industry stability is desirable as it helps agribusinesses recover from disaster events and facilitates overall industry growth.

The Ministry contributes to this goal by continuously improving appropriate programs such as the Canadian Agricultural Income Stabilization Program (now AgriStability), production insurance and disaster recovery initiatives.

Goal 6 Expense $576.4 Million

The key contributions to achievement of this goal include the development and delivery of programs that are predictable and responsive to the needs of producers. The Ministry remains committed to working with industry groups in developing and implementing program enhancements.

Strategy:

Design and deliver production risk and income stabilization programs through the Agricultural Policy Framework Agreement.

Results:

Producers continue to view production insurance as an important risk management tool with 11.6 million acres of production and $2.18 billion in risk insured on annual crops, and 6.2 million acres of production and $125.6 million in risk insured on perennial crops. In 2007-2008, production insurance claims for annual crops (including hail endorsement) totaled $225 million, up from $127.9 million the previous year. This increase was largely due to poor seeding conditions in the spring and a high frequency and severity of hailstorms throughout the crop year. Claims for perennial crops totaled $13.3 million, up from $6.2 million the previous year due to poor growing conditions in the latter half of the growing season.

The current Agricultural Policy Framework expired on March 31, 2008. During the 2007-2008 fiscal year, significant Ministry efforts were concentrated on the development of a new Business Risk Management suite of programs that will be delivered under the upcoming Growing Forward Agreement. Producers are continuing to benefit from programs such as the redesigned "AgriStability, AgriRecovery, AgriInsurance and AgriInvest" programs which provide effective risk management tools. Alberta is continuing to work with the federal government and other provinces to develop an effective package of programs for Alberta farmers and the agriculture and agri-food sector.

Delivery of the Canada-Alberta Farm Water Program continued in 2007-2008. This program offered financial assistance to over 2,000 producers who developed long-term farm water supplies.

AFSC implemented several crop insurance program enhancements including changes to the unseeded acreage benefit, insurance for soft white wheat that is grown for the ethanol market, and insurance for organic peas and corn for processing. A new program option under the silage green-feed program was also developed to offer producers better risk management protection for silage green feed crops which is seeded later in the crop season.

Strategy:

Develop and deliver specific programs that increase industry competitiveness.

Results:

AFSC developed and implemented a new individual coverage system for production insurance. This system provides coverage that is more directly linked to producer yields, and also encourages producers to use beneficial management practices.

The Ministry has continued to deliver the Alberta Farm Fuel Benefit Program to assist producers with high fuel costs. Eligible producers receive a rebate of nine cents a litre on fuel purchases, and a rebate of six cents per litre on diesel.

The Irrigation Rehabilitation Program continued to provide funding to the irrigation districts throughout Alberta. During the 2007-2008 fiscal year, the Inter-District Allocation Formula was reviewed. As a result of these efforts, irrigation districts will be able to continue to manage their resources and capital in an efficient and effective manner.

Strategy:

Develop programs, where appropriate, that respond to significant events that impact business sustainability.

Results:

The Alberta Farm Recovery Program was designed and delivered to Alberta producers primarily in the livestock sector to address rising input costs such as feed, fuel and fertilizer. Alberta producers received $175.6 million in transitional funding under this program.

Canada's rising dollar, increased costs for inputs combined with the drop in livestock prices put a significant strain on livestock producers. The Ministry enacted the Targeted Advance Program that allowed hog producers timely access to funds from the AgriStability Program.

GOAL 6 PERFORMANCE MEASURES	2006-2007 RESULT	2007-2008 TARGET	2007-2008 RESULT	2008-2009 TARGET
6.a Percent of seeded acres for major crop categories insured under Production Insurance:				
■ Annual crops	65%	64%	67%	64%
■ Perennial crops	23%	25%	22%	25%
6.b Percent of Alberta farm cash receipts represented by Alberta participants in the Canadian Agricultural Income Stabilization Program	76%	70% - 75%	74%	70% - 75%

Performance Measures Methodology

Core Business One: Facilitate Sustainable Industry Growth

Goal 1

Sustainable Growth of the Agriculture and Food Industry

1a Number of value-added products developed and successfully introduced to market with assistance from Agriculture and Food

This measure captures the number of value-added products developed and successfully introduced to market through the efforts of Ministry staff. The purpose of the measure is to determine the contribution the Ministry makes to the growth of Alberta's value-added industry. It is also used to assess the ability of the Ministry to focus on Alberta's value-added industry.

A product development activity encompasses projects where Ministry staff assisted industry clients in one or more of the following areas: product formulation, shelf-life, packaging, sensory evaluation, marketing and commercialization. "Introduced to market" refers to a product that has obtained a listing at retail or food service, domestically or internationally. The term also includes products that have been sold as ingredients for further manufacturing. Value-added includes value-added food, beverage and bio-industrial products.

Calculation method

An annual Measure Report is prepared from the data supplied by four divisions: Food Processing Development, Business Expansion and Commercialization, Ag-Industry Development and Diversification and Bio-Industrial Technologies. The total number of value-added products involving project work conducted by staff and successfully introduced to market by industry, as listed in the annual Measure Report, is counted and reported.

Data limitations

The successful launch of new products may take several months after new product development work is completed. This timing may result in some products being recorded in a fiscal year subsequent to the year in which the product development work occurred. Information reported by industry clients regarding the market success of their products is not confirmed. There is also no weighting done in terms of value; that is, the measure simply records the number of products introduced to market and does not attempt to reflect the value of sales generated. No attempt is made to measure indirect efforts with industry clients by Ministry staff that may have resulted in a value-added product.

1b Research and development investment by collaborators leveraged through Ministry resources

This measure demonstrates the amount of funds leveraged from outside sources through Ministry investment in research and development (R&D). The outside sources include industry organizations, private companies, universities, government departments and agencies. The R&D activities covered for this measure fall into four primary areas: value-added processing, livestock development, crop diversification and environmental stewardship.

This measure provides an indication of the Ministry's success in building partnerships and the value of its R&D activities to the partners. To make the best possible use of resources and to more effectively respond to industry needs, Ministry scientists explore all possible opportunities to form partnerships with scientists from outside organizations. These relationships allow them to leverage funds and expand the pool of scientific talents devoted to research.

Calculation method

The Ministry's Policy Secretariat prepares a report annually on Ministry Research and Development (R&D) and related scientific activities (RSA). The Measure was collated from data supplied by five divisions that are involved in R&D activities: Agriculture Research Division, Food Safety Division, Food Processing Development Division, Bio-Industrial Technologies Division and Agriculture Stewardship Division. The questionnaire collects information on a division's fiscal year R&D expenditures and corresponding levels of collaborator funding.

The questionnaire used to collect information specifically requests data on expended amounts received from outside sources. Items included in the expended amounts are payments with respect to capital equipment, miscellaneous items and the temporary staff hired (scientist, technical and professional). The performance result for this measure is the sum of expended amounts of outside funds.

Data limitations

Data on in-kind contributions from collaborators are not included in the calculation of this measure. As a result, the performance result likely understates the "true" amount of leveraged resources invested by collaborators. In-kind contributions are less reliable as they are based on estimates that can be subjective in nature.

1c Total leveraged investment in agri-industry businesses (farm business and agribusinesses) facilitated by Agriculture Financial Services Corporation lending services

This measure reports the total dollar investment in farm business and agribusinesses in both rural and urban areas as a result of Agriculture Financial Services Corporation's (AFSC) involvement in financing and consulting services. In addition to direct lending products that can result in investment, AFSC also has a number of alliance partnership arrangements with several organizations that help facilitate investment in agribusinesses. Total dollar investment in agribusiness and farm loans is a proxy value for investment based on loans approved or facilitated by AFSC. Dollar investment is any fund (i.e., debt, equity, investment) that would be used to support the growth of value-added processing in agriculture. The purpose of this measure is to determine the total dollar investment as a result of AFSC's involvement in the facilitation of capital investment in agribusinesses and farm businesses through its lending products, services and partnerships.

Calculation method

Farm business and agribusiness investments in both rural and urban areas (all sources are included whether it is direct from AFSC, other sources of debt, business owner's equity or investment by a third party) are added up and reported as total dollar investment. Farm business (direct loans only) and agribusiness lending amounts are reported through AFSC's computer system and summarized by year. The two amounts, total investment in agribusiness and total amount of farm loans, make up the total in the 2007-2008 actuals.

Data limitations

Total dollar investment in agribusiness and farm loans is a proxy value for investment based on loans approved or facilitated by AFSC. Values reported are affected by timing differences between approval and disbursement of loans approved. As well, not all approved loans are disbursed.

Goal 2

Continued Excellence in Food Safety

2a Number of surveillance and monitoring initiatives designed to measure hazards in food production

This measure tracks active projects that identify the presence of hazards in food production at any stage of the farm-to-fork continuum. The figure provided for this measure is derived from Food Safety Division entries in the Ministry's project reports database. This measure does not include animal health, market access, surface water monitoring or method development projects. Nor does it include ongoing food safety programs or projects in the report writing phase.

Calculation method

The number of surveillance programs that identify hazards in food production is determined by accounting active surveillance programs in the fiscal year. The responsible reporting party reviews the final tally of active food safety projects for accuracy.

Data limitations

Surveillance programs may begin and end in different fiscal years; as a result, there may be a variety of projects in different stages of implementation and completion. Consequently in one given year, projects that are completed may have been initiated in a previous year or years. This means that a single project may be included in the total figure for this measure for more than one year.

2b Percentage of Alberta production produced under on-farm food safety (OFFS) programs: chicken farms, hog farms

The purpose of this measure is to encourage the production of safe agri-food products by primary producers in Alberta through the implementation of on-farm food safety (OFFS) programs. On Farm Food Safety programs are preventative Hazard Analysis Critical Control Point (HACCP) based programs that enable systematic review and control of food safety hazards through good production practices during primary production.

Food safety programs belong to national producer organizations and provincial producer groups, delivery agents or boards who work with producers of that commodity. These groups, agents or boards collect data on producers who implement OFFS programs and provide the data to the Ministry when requested.

Data for this measure was collated from two sources:

- Producer associations — Alberta Chicken Producers and Alberta Pork for the Alberta chicken and market ready hogs produced under on-farm food safety programs respectively. Data collected may include the number of producers enrolled in the OFFS program, the number of producers who have participated in OFFS workshops and the number of producers who have been audited and certified/recognized (terms to denote producers who have successfully been audited vary by commodity with terms such as recognized and certified).
- Agriculture and Agri-Food Canada, Statistics Canada for Alberta hog production.

Calculation method

For hogs, this measure is the percentage of market ready hogs produced under OFFS provided by Alberta Pork divided by the total slaughter of hogs of Alberta origin (from Statistics Canada).

OFFS is mandatory for commercial chicken producers in Alberta, which is confirmed by Alberta Chicken Producers.

Data limitations

This measure has been removed from the 2008-2009 Ministry Business Plan due to attribution issues and difficulty in obtaining and verifying relevant data required to accurately report on this measure. Estimated hog production figures provided by Alberta Pork have been overly optimistic, exceeding slaughter hogs of Alberta origin and international exports of hogs.

The Ministry relies on external partners to collect these figures, some of which may be estimates. The data is collected by the commodity groups according to each organization's fiscal year. The total production figures collected by Statistics Canada are not usually available for the most recent year. In addition, Statistics Canada figures are based on calendar years. Therefore, the Statistics Canada total production figures may not correspond to the exact same period as the figures supplied by the commodity groups.

2.c Number of on-farm food safety (cumulative)

- **trained beef feedlot and cow/calf operators**
- **certified beef feedlot and cow/calf operations**

The measure tracks industry-led on-farm food safety (OFFS) initiatives designed to positively influence beef value-chain to move toward voluntary verifiable food safety standards and good production practices. OFFS is a proactive, preventive system that mitigates preventable food safety risks on farms.

Alberta Beef Quality Starts Here Program (ABQSH) is a provincial organization responsible for implementing the national on-farm food safety program, Canadian Cattlemen's Verified Beef Production initiative. ABQSH provides training workshops as well as a voluntary method of certification in on-farm food safety services. Trained beef feedlots and cow/calf operators are Alberta beef producers who attended one or more workshops and received instruction and information about the OFFS program from ABQSH. Certified beef feedlots and cow/calf operations are operations whose operators/producers have completed all required training in OFFS management practices and have passed a third-party audit.

Calculation method

Data supplied by Alberta Beef was collated from Alberta beef feedlot and cow/calf operators who registered for training and certification in OFFS organized by ABQSH.

The calculation for this measure is the cumulative number of trained beef feedlots and cow/calf operators and certified beef feedlots and cow/calf operations as of March 31, 2008.

Data limitations

For attribution reasons, this measure has been dropped from the Ministry Business Plan for 2008-2011. The Ministry has no involvement in the design, implementation or funding of OFFS initiatives currently delivered by ABQSH. Any success or lack thereof on OFFS is attributed solely to the participating commodity organizations and ABQSH Initiative/Program.

2d Percentage of Alberta licensed abattoirs that have added a preventative system to their existing food safety system:

- **Red meat — Meat Facilities Standard.**

This measure tracks the success of the Ministry in encouraging Alberta licensed abattoirs to improve existing food safety systems in their facilities by implementing additional food safety systems and processes. Preventative systems may be Hazard Analysis Critical Control Points (HACCP) systems or HACCP-based systems. HACCP and HACCP-based food safety systems provide a systematic, preventative program for the identification and control of food safety hazards.

Calculation method

The result is calculated by the percentage of Alberta licensed abattoirs that have implemented appropriate food safety process control systems divided by the total number of Alberta licensed abattoirs as of March 31, 2008. Data on Alberta licensed abattoirs that have implemented appropriate food safety process control systems is obtained from the Regulatory Services Division audit records.

Data limitations

Implementation of additional food safety systems and processes is voluntary, and market drivers will continue to influence adoption rates until HACCP and HACCP-based food safety systems become a mandatory requirement.

2e Number of Alberta food processing facilities participating in the Alberta HACCP Advantage Program (cumulative)

This measure tracks the success of the Ministry in encouraging Alberta food processors to adopt HACCP-based food safety systems or improve existing food safety systems. Preventative systems may be Hazard Analysis Critical Control Points (HACCP) systems or components. HACCP systems provide a systematic, preventative program for the identification and control of food safety hazards. Data on provincially-licensed meat and dairy processing plants is obtained from the Regulatory Services Division audit records.

Calculation method

The cumulative number of Alberta licensed food processing plants that have implemented appropriate food safety process control systems and passed a closing assessment under the Alberta HACCP Advantage Program as of March 31, 2008. Data on provincially-licensed meat and dairy processing plants is obtained from the Regulatory Services Division audit records.

Data limitations

None

Core Business Two: Support and Strengthen Rural Sustainability

Goal 3

Improved Environmental Stewardship

3a Percentage of producer survey respondents who have adopted improved environmentally sustainable agriculture practices

A formal survey, including telephone survey and written responses, of approximately 500 producers is conducted every three years. This survey assesses awareness, attitudes and adoption of environmentally sustainable agriculture (ESA) practices and any effect that the Alberta ESA program may have had.

The sample population for this survey is now based on a subscription list of commercial farmers maintained by Farm Business Communications. Five hundred randomly selected farmers participated in the telephone survey, and 229 (45%) of these completed a follow-up mail survey. The margin of error for a sample size of 500 is +/- 4.4%, while the margins of error for the regional samples of 100 are +/-10.0%. In other words, if this survey were conducted 20 times, the responses would be within the stated margins of error 19 times out of 20. For the mail portion of the survey, a sample size of 229 yields a margin of error of +/-6.6%.

Calculation method

Data analysis consisted of grouping the data according to the following headers:

- region (5 regions)
- gross farm revenue in 2006 (under $50,000, $50,000 to < $250,000 and $250,000 and over)
- farm type (crop-only, livestock-only and mixed)
- stage of farm operation (three groupings)
- farmer education and training
- attitude cluster (three types)

Cluster analysis is a statistical technique used in market research to group or segment respondents into "like" categories based on their pattern of response to the series of 25 attitude statements asked on an agree/disagree scale. In this case, a seven-point scale was used, and three clusters were identified.

Data limitations

None. The survey is statistically sound, and margins of error are reported in the survey report.

3b Number of producers provided with specific training and technical support to enable development of environmental farm plans

This is a measure of the uptake of specific training targeted towards the development of an environmental farm plan (EFP). The environmental stewardship planning sessions provide opportunities for Alberta producers to learn more about best environmental management practices and develop their farm-specific EFP. The implementation of EFPs will result in improved environmental practices on Alberta farms.

Producers are required to participate in two training workshops to enable development of an environmental farm plan (EFP) for their farming operation. This training is provided by the Alberta Environmental Farm Plan (AEFP) Company, through financial and technical support from Alberta Agriculture and Food and Agriculture and Agri-Food Canada (AAFC). Once a producer has completed both workshops, he/she becomes eligible to complete an EFP and is counted under this measure.

Calculation method

The calculation is a cumulative of participants completing Workshop II of the Alberta Environmental Farm Plan Program as reported by the Alberta Environmental Farm Plan (AEFP) Company.

Data limitations

None. This is a cumulative total, based on the annual report for the AEFP Company. Information in the annual report is auditable and forms the basis for operational payments from AAFC to the AEFP Company.

Goal 4

Support Strengthened Rural Communities

4a Total investment leveraged in rural businesses facilitated through Agriculture Financial Services Corporation lending services

This measure determines the total dollar investment in rural Alberta businesses as a result of AFSC's involvement with the facilitation of capital investment through its lending products and partnerships. Rural businesses are defined as any businesses outside Edmonton or Calgary. AFSC has direct lending products that can result in investment, as well as a number of alliance partnerships to help facilitate investment in Alberta business.

Calculation method

Farms and commercial business investments in rural areas (all sources are included whether it is direct from AFSC, other sources of debt, business owner's equity or investment by a third party) are added up and reported as total dollar investment. Rural Alberta businesses refer to farm and commercial activities located outside Edmonton and Calgary. The calculation for this measure is a summation of the incremental investment win rural Alberta business from all sources, as reported in AFSC's records.

Data limitations

Total dollar investment in rural businesses is a proxy value for investment based on loans approved or facilitated by AFSC. Values reported are affected by timing differences between approval and disbursement of loans approved. As well, not all approved loans are disbursed.

4b Percentage of Ministry-supported, agriculture related community activities that focus on leadership development

This measure focuses on leadership development opportunities as well as the diversity of initiatives under Ministry agricultural community programming. Program guidelines and procedures are designed to encourage and leverage Ministry financial resources and expertise in developing leadership capacity in rural communities.

Data for this measure is collated from three program areas; Agricultural Society Program, 4-H Program, and Agricultural Initiatives Program. The Agricultural Society Program collects information on activities, volunteer hours and attendance from individual agricultural societies by means of a voluntary report form. The 4-H program offers a variety of events and learning opportunities for rural youth and adults. 4-H staff collects data for each program event, including the number of attendants. This data is reported quarterly in reports submitted by 4-H staff on their programs. All 4-H program events were submitted under the leadership development category. The Agricultural Initiatives Program applications were categorized according to the calculation method.

Calculation method

Related data from Agricultural Society Program, 4-H Program and Agricultural Initiatives Program were reviewed and then entered into the AgSocactivities database. These agricultural related community activities were then aggregated into five priority areas:

- **Agriculture related activities** — refers to activities such as rodeos, fairs and livestock shows.
- **Agribusiness development** — includes any activities that promote agricultural business development and the development of the agriculture industry.
- **Ag education and skill development** — includes programs or projects that foster awareness of agriculture or improve/develop skills within the community.
- **Leadership development** — includes training for volunteer staff, providing funding for conferences, workshops, seminars and sponsoring youth leadership development.
- **Community improvements** — includes any capital funding for infrastructure development and renovations, repairs and maintenance of infrastructure and operating costs of facilities as well as all capital projects from the Agricultural Initiatives Program grant program.

The measure is calculated as the total of leadership development activities divided by the total number of activities under the above five priority areas and then expressed as a percentage.

Data limitations

Leadership skills take years to develop and nurture, and the results of the effective use of those leadership skills may take years longer to manifest. Therefore, it is very difficult to measure outcomes on an annual basis. As such, this output measure only demonstrates the Ministry's accomplishment in providing developmental opportunities for rural Albertans to develop their leadership skills.

4c Percentage of rural youth and adults participating in Ministry-supported programs that report effective learning from those programs

Ministry-supported 4-H programming includes all 4-H programs and events coordinated, supervised and initiated by Ministry staff. The 4-H Branch has been using KASA measurements for a number of years; KASA measures positive changes in Knowledge, Attitudes, Skills and Aspirations.

The measure provides assessment on the appropriateness and effectiveness of 4-H programs. The results of this measure provide ideas on how to better manage and improve current and future 4-H programs. Each program is designed to meet different objectives. In total, 21 objectives have been defined, including personal development and self esteem, enhancing environmental sustainability, learning communication and presentation skills, demonstrating technology transfer and community as well as farm management. Nineteen of these 21 objectives were used to derive performance information for this measure.

Calculation method

The data for this measure is obtained through the use of written evaluations for each program. The target audience and the objective of individual programs determine the type of questions selected from the standardized menu of questions for assessing KASA. The results are compiled and stored electronically in a database, with the hard copies stored separately. Each question on the survey has four possible answers: Yes, No, Unsure, Not Applicable (NA), or a short response. A "Yes" response is considered to be a positive change; a "No" or "Unsure" is not considered positive change. An "NA" is not considered in the response calculation. Answers to the short response questions are considered positive if they are answered with a definite response (for example, The skill I learned was...). If there is no answer or a nonsense answer, the response is considered to be negative.

Data limitations

Completion of evaluations is voluntary, but historically, most programs have a very high return rate. A small portion of the 4-H members may reside in urban centres. The performance result is not weighted and differences in the number in survey respondents across events could affect the reported result.

Core Business Three: Strengthen Business Risk Management

Goal 5

Effective Risk Management Decisions by Agricultural Business Managers

5a Percentage of managers surveyed indicating the use of risk management tools for improved decision making.

For the purpose of this measure, "managers" refers to active primary producers in Alberta who are most responsible for their farms and whose gross income was $50,000 or more in 2004. This measure was designed to determine the percentage of producers that a) are using risk management tools and b) report improvement in their ability to make effective decisions. A risk management tool is defined as an analytical process or a decision aid. Risk management tools can be used to identify and measure risk, and to assess alternative response strategies, technologies and practices.

Calculation method

Data was collated from the 2006 Risk Management Survey, an Agricultural Risk Management Survey prepared for the Ministry's Strategic Direction and Program Policy Division by Serecon Management Consulting Inc. Respondents for the 2006 Risk Management Survey were selected from a purchased list of commercial farmers maintained by Farm Business Communications (publishers of several prominent farm periodicals) as well as an internet search of small commodity producers. It is assumed that farmers on this list are representative of the general population of Alberta farmers. The sample results were weighted by region and income to reflect the distribution based on the 2001 Census of Agriculture survey. A frequency analysis was used to calculate a benchmark for this measure.

The calculation is the product of:

- The number of respondents that indicated the use of at least two of options 1, 2, 4 and 5 in question 17 of the survey, ***and***
- The number of respondents that in question 18 of the survey indicated "great" or "some" improvement in their "ability to make better risk management decisions."
- The product of these two numbers is the proposed benchmark.

Options 1, 2, 4 and 5 were selected to represent a more sophisticated level of risk management decision making than would be the case if all seven options were included. Statistical calculations related to the measure have a margin of error of +/- 3.6%.

Data limitations

Data limitations include non-subscribers to Farm Business Communications (the source of the original survey list), non-contactable subscribers (due to privacy legislation compliance), unreachable sample (due to wrong phone numbers, answering machine, busy, no answer, etc.) and non-response/ failure to return mail survey. The survey sample size was based on 2001 Census of Agriculture, and obsolescence is a major concern.

Goal 6

Effective Programs for Long-term Industry Stability

6a Percent of eligible seeded acres for major crop categories insured under Production Insurance for annual crops and perennial crops

The purpose of this measure is to examine the use of crop insurance to mitigate the risk of growing annual and perennial crops. Annual crops refer to those that are seeded every year. Perennial crops refer to crops that do not need to be seeded every year and last for several years. "Eligible crops" are insurable under the crop insurance program.

Calculation method

Data for this measure is collected from three sources:

1) Statistics Canada, 2006 Census of Agriculture,
2) Agri-Food Statistics Update, December 11, 2007, supplied by Statistics Canada and prepared by the Statistics and Data Development Unit and
3) Production Insurance Program Management System, a secured program management application, accessible only by AFSC staff.

To determine the percentage of eligible seeded acres, the total eligible seeded acres for each crop category (annual and perennial) insured under the Crop Insurance program for the year under review is calculated by summation. The total eligible seeded acres in Alberta are then calculated from the above data sources. The total insured acres are then divided by the total eligible acres for each crop category.

Data limitations

The denominator of this measure is based on the 2006 Census of Agriculture survey, and the numerator is based on 2007 production insurance data.

6b The percent of Alberta farm cash receipts represented by Alberta participants in the Canadian Agricultural Income Stabilization Program (CAIS).

The intent of this measure is to determine the participation of producers in the CAIS Program for the 2006 tax year and over time. CAIS participants are those that have elected to participate in CAIS by filing an options notice and have supplied tax information and supplementary information by the appropriate deadlines. Farm cash receipts include market receipts, inter-farm sales and program payments.

Calculation method

Data for this measure was collated from two sources, Statistics Canada and the CAIS Program Management System, a secured program management application, accessible only by AFSC staff. Program summary data was provided by AFSC, Lacombe.

To determine the reported result, the total amount of farm cash receipts represented by CAIS participants in Alberta for 2006 is divided by the total farm cash receipts for Alberta for 2006.

Data limitations

Information provided by Statistics Canada is a preliminary estimate and may change slightly as more data is accumulated.

Financial Information

Agriculture and Food

Financial Statements

Ministry of Agriculture and Food

Consolidated Financial Statements

For the Year Ended
March 31, 2008

Ministry of Agriculture and Food

Consolidated Financial Statements

For the Year Ended
March 31, 2008

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AUDITOR GENERAL
Alberta

To the Members of the Legislative Assembly

I have audited the consolidated statement of financial position of the Ministry of Agriculture and Food as at March 31, 2008 and the consolidated statements of operations and cash flows for the year then ended. These consolidated financial statements are the responsibility of the Ministry's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Ministry as at March 31, 2008 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

[Original Signed by Fred J. Dunn, FCA]
Auditor General

Edmonton, Alberta
June 3, 2008

The official version of this Report of the Auditor General, and the information the Report covers, is in printed form.

Consolidated Statement of Operations for the Year Ended March 31, 2008
(in thousands)

	2008 Budget	2008 Actual	2007 Actual
Revenues			
Transfers from Government of Canada	$ 329,020	$ 171,233	$ 250,626
Premiums from Insured Persons	180,535	146,101	132,412
Interest and Investment Income	100,703	104,708	96,791
Fees, Permits, Licenses and Other Income	26,421	25,413	29,379
Internal Government Transfers	22,220	22,220	22,220
Ministry Revenue	**658,899**	**469,675**	**531,428**

continued

continued

Consolidated Statement of Operations for the Year Ended March 31, 2008
(in thousands)

	2008 Budget	2008 Actual	2007 Actual
Expenses (Schedule 1)			
Program			
Agriculture Income Support	368,983	199,013	572,710
Insurance	378,313	338,562	216,173
Industry Development	51,694	66,275	45,708
Rural Services	37,065	45,706	36,641
Environment and Food Safety	82,028	67,941	62,877
Planning and Competitiveness	13,389	13,336	12,489
Farm Fuel Distribution Allowance	33,500	32,830	32,446
Lending	25,413	25,822	25,438
Infrastructure Assistance	17,355	19,279	50,515
Ministry Support Services	15,114	14,101	13,188
Program Expense	**1,022,854**	**822,865**	**1,068,185**
Other			
Debt Servicing Costs	51,125	46,402	45,135
Valuation Adjustments	2,745	9,145	2,732
	53,870	**55,547**	**47,867**
Ministry Expense	**1,076,724**	**878,412**	**1,116,052**
(Loss) Gain on Disposal of Tangible Capital Assets	-	(195)	269
	-	**(195)**	**269**
Net Operating Result	**$ (417,825)**	**$ (408,932)**	**$ (584,355)**

The accompanying notes and schedules are part of these consolidated financial statements.

Consolidated Statement of Financial Position as at March 31, 2008
(in thousands)

	2008	2007
Assets		
Cash and Cash Equivalents	$ 267,524	$ 316,230
Accounts Receivable	83,232	125,883
Due from Government of Canada	258,124	338,680
Loans Receivable *(Schedule 2)*	1,073,061	1,009,300
Investments *(Schedule 3)*	438,592	423,144
Tangible Capital Assets *(Schedule 4)*	70,359	68,233
	$ 2,190,892	**$ 2,281,470**
Liabilities		
Accounts Payable and Accrued Liabilities	$ 100,184	$ 63,885
Indemnities Payable	344,390	591,091
Allowance for Loan Guarantees	656	2,060
Unearned Revenue	11,185	10,511
Due to Crop Reinsurance Fund of Canada for Alberta	210	1,847
Notes and Interest Payable to the Province of Alberta *(Schedule 5)*	1,006,719	931,371
	1,463,344	**1,600,765**
Net Assets		
Net Assets at Beginning of Year	680,705	467,443
Net Operating Result	(408,932)	(584,355)
Net Financing Provided from General Revenues	455,775	797,617
Net Assets at End of Year	727,548	680,705
	$ 2,190,892	**$ 2,281,470**

The accompanying notes and schedules
are part of these consolidated financial statements.

Consolidated Statement of Cash Flows for the Year Ended March 31, 2008
(in thousands)

	2008	2007
Operating Transactions		
Net Operating Result	$ (408,932)	$ (584,355)
Non-cash items included in Net Operating Result	21,577	9,649
Proceeds on Disposal of Non-capital Assets	-	33
Net Change in Operating Assets and Liabilities	(86,334)	127,097
Cash Applied to Operating Transactions	**(473,689)**	**(447,576)**
Capital Transactions		
Acquisition of Tangible Capital Assets	(13,201)	(13,997)
Transfer of Tangible Capital Assets	(918)	(1,523)
Disposal of Tangible Capital Assets	93	622
Cash Applied to Capital Transactions	**(14,026)**	**(14,898)**
Investing Transactions		
Proceeds from Repayments of Loans Receivable, Advances and Sale of Properties	179,790	176,345
Loan and Advance Disbursements	(253,805)	(218,971)
Purchase of Investments	(285,766)	(969,420)
Proceeds on Disposal of Investments	270,644	784,674
Cash Applied to Investing Transactions	**(89,137)**	**(227,372)**
Financing Transactions		
Borrowing from the Province of Alberta	791,031	832,348
Repayment of Borrowing from the Province of Alberta	(718,660)	(796,051)
Government of Canada Funding for Capital Assets	-	3,138
Province of Alberta Funding for Capital Assets	-	5,523
Net Financing Provided from General Revenues	455,775	797,617
Cash Provided by Financing Transactions	**528,146**	**842,575**
(Decrease) Increase in Cash and Cash Equivalents	(48,706)	152,729
Cash and Cash Equivalents, Beginning of Year	316,230	163,501
Cash and Cash Equivalents, End of Year	**$ 267,524**	**$ 316,230**

The accompanying notes and schedules are part of these consolidated financial statements.

Notes to the Consolidated Financial Statements for the Year Ended March 31, 2008

Note 1 Authority and Purpose

The Minister of Agriculture and Food has been designated as responsible for various Acts by the *Government Organization Act* and its regulations. The purpose of the Ministry is to enable the growth of a globally competitive, sustainable agriculture and food industry through essential policy, legislation, information and services.

Note 2 Summary of Significant Accounting Policies and Reporting Practices

The recommendations of the Public Sector Accounting Board of the Canadian Institute of Chartered Accountants are the primary source for the disclosed basis of accounting. These consolidated financial statements are prepared in accordance with the following accounting policies that have been established by government for all Ministries.

(a) Reporting Entity

The Minister of Agriculture and Food administers the organizations listed below. The authority under which each organization operates is also listed. Together, these organizations form the Ministry of Agriculture and Food and constitute the reporting entity.

Organization	Authority
Department of Agriculture and Food (the Department)	*Government Organization Act*
Agriculture Financial Services Corporation, *including the Crop Reinsurance Fund of Alberta* (the Corporation)	*Agriculture Financial Services Act*

The financial statements for the individual entities provide more detailed information about the operations of each entity.

(b) Method of Consolidation

The accounts of the Department, regulated funds and provincial agencies are consolidated after adjusting them to a basis consistent with the accounting policies described below in (c). Revenue and expense transactions, investing and financing transactions, and related asset and liability accounts between entities within the Ministry have been eliminated.

(c) Basis of Financial Reporting

Revenues - All revenues are reported on the accrual basis of accounting. Cash received for which goods or services have not been provided by year-end is recorded as unearned revenue. Interest revenue on loans receivable is recognized as earned unless the ultimate collection of the loan is in doubt. When a loan is classified as impaired, interest revenue is no longer recognized. An impaired loan is a loan in which there is a risk of loss for full and timely collection of the debt. Impairment may be due to a security deficiency, inadequate cash flow, economic factors in a specific segment of the industry or a catastrophic event.

Premiums from insured persons, including federal government contributions for crop insurance, are recognized as income when invoiced to producers.

Funds collected under various agreements are restricted contributions subject to externally imposed conditions that specify the purpose for which the funds are to be used. Restricted contributions are recognized as revenue in the period in which the related expenses are incurred. Restricted contributions received for future expenses are deferred until that future period when they are transferred to revenue.

Government Transfers - Internal government transfers are transfers between entities within the government reporting entity where the entity making the transfer does not receive any goods or services directly in return.

Transfers from Government of Canada are recognized as revenues when authorized by federal legislation or federal/provincial agreements, eligibility criteria if any are met, and a reasonable estimate of the amounts can be made.

Expenses

Directly Incurred - Directly incurred expenses are those costs for which the Ministry has primary responsibility and accountability, as reflected in the Government's budget documents.

Note 2 Summary of Significant Accounting Policies and Reporting Practices (continued)

In addition to program operating expenses such as salaries, supplies, etc., directly incurred expenses also include:

- amortization of tangible capital assets.
- pension costs, which comprise the cost of employer contributions for current service of employees during the year.
- valuation adjustments, which include changes in the valuation allowances used to reflect financial assets at their net recoverable or other appropriate value. Valuation adjustments also represent the change in management's estimate of future payments arising from obligations relating to vacation pay, guarantees and indemnities.
- provision for doubtful accounts and guarantees. The provision includes amounts established for specifically identified potential losses on loans and guarantees as well as general allowances for losses that do not meet the specific provision criteria. Since the amounts and timing of future cash flows cannot be estimated with reasonable reliability, specific provisions are established by discounting the estimated fair value of security. The change in the present value attributed to the passage of time on the expected future cash flow is adjusted against the provision for doubtful accounts.

Grants are recognized as expenses when authorized, eligibility criteria if any are met, and a reasonable estimate of the amounts can be made.

Incurred by Others - Services contributed by other entities in support of the Ministry operations are disclosed in Schedule 7.

Assets - Cash consists of deposits in the Consolidated Cash Investment Fund, which is managed by Alberta Finance to provide competitive interest income while maintaining maximum security and liquidity of depositors' capital.

Due to the relatively short period to maturity, short-term financial instruments are valued at cost and adjusted for allowance for doubtful accounts, if applicable. The resulting net book value is considered to be equivalent to fair value. This approach applies to cash; accounts receivable; due from Government of Canada; due to Crop Reinsurance Fund of Canada for Alberta; accounts payable and accrued liabilities; and indemnities payable. Allowance for losses on loan guarantees does not have fair value disclosed due to the difficulty in determining the amount. Fair values of investments; and notes and interest payable to the Province of Alberta are disclosed in their respective schedules and notes.

Investments are carried at cost or amortized cost, unless there is an other than temporary decline in the value of the investments, then the investments are written down to recognize the loss. Premiums and discounts on investments are amortized to investment income using the straight-line method over the period to maturity of the related investment. Gains and losses realized on disposal of investments are included in investment income.

Loans made on significant concessionary terms are discounted. The amounts outstanding are discounted to their estimated present value. The amounts discounted are amortized to revenue over the lives of the concessionary terms.

Tangible capital assets of the Ministry are recorded at historical cost and amortized on a straight-line basis over the estimated useful lives of the assets. Tangible capital assets are restricted to those acquired for cash or exchanged for other assets.

Liabilities - Liabilities are recorded to the extent that they represent present obligations as a result of events and transactions occurring prior to the end of the fiscal year. The settlement of liabilities will result in sacrifice of economic benefits in the future.

Net Assets - Net assets represent the difference between the carrying value of assets held by the Ministry and its liabilities.

Measurement Uncertainty (*in thousands*) - Measurement uncertainty exists when there is a variance between the recognized or disclosed amount and another reasonably possible amount.

Accounts Receivable - Accounts Receivable, recorded as $83,232 (2007 – $125,883) in these financial statements, includes $3,414 (2007 – $15,391) for estimated overpayments for the Canadian Agricultural Income Stabilization (CAIS) program that is subject to measurement uncertainty. The estimate of $3,414 (2007 – $15,391) is for CAIS participants who have received advance payments but have not yet had their final claim processed by the Ministry. The estimate is based on historical experience of advances resulting in overpayments.

The allowance for doubtful accounts of $10,389 (2007 – $10,372) for estimated losses on premiums receivable and overpayments is also subject to measurement uncertainty. The allowance estimate is based on an assessment of the ability to collect the outstanding balance.

Note 2 Summary of Significant Accounting Policies and Reporting Practices (continued)

CAIS overpayments are non-interest bearing until December 31, 2008. Participants will receive a rebate if they repay the CAIS overpayment within 90 days of the overpayment notification or they can convert the overpayment to a loan up until December 31, 2008. If the overpayment is not repaid or converted to a loan, the Ministry will pursue collection. Collection will include the recovery of the overpayment from future payments under the programs delivered by the Province of Alberta and Government of Canada.

Loans Receivable - Loans receivable, recorded as $1,073,061 (2007 – $1,009,300) in these financial statements, include a specific allowance of $12,681 (2007 – $12,178) and a general allowance of $14,589 (2007 – $18,499) that are subject to measurement uncertainty. The amount established for specific and general allowances of $27,270 (2007 – $30,679) to cover estimated losses on loans could change substantially in the future, if factors considered by management in establishing these estimates were to change significantly.

Provisions are established for specifically identified potential losses on loans. When a loan is identified as impaired, a specific provision is established. Specific provisions are established by reducing the recorded investment in the loan by the discounted fair value of the security and the estimated costs to collect. Specific provisions are determined in this manner because the amounts and timing of future cash flows cannot be estimated with reasonable reliability. The provision for doubtful accounts is adjusted for the change in the present value of the security held.

In addition to the specific provision, the Ministry establishes a general allowance for doubtful accounts not meeting the specific provision criteria. The general allowance is management's estimate of loss on loan balances based on assessed risk for each account. Risk for each account is determined based on credit risk score, arrears, certain amendments to loan terms and shortfalls of security covering loan balances.

Indemnities Payable - Estimated indemnities payable, recorded as $344,390 (2007 – $591,091) in these financial statements, and corresponding indemnities expense and contributions and receivables from the Government of Canada are subject to measurement uncertainty because they could change significantly in the future, if factors considered by management in establishing the estimates were to change significantly.

Included in estimated indemnities payable are CAIS indemnities amounting to $338,909. This includes estimated payments for the 2007 claim year of $200,863 for the vast majority of claims that have not yet been received because the deadline for submission of complete information is after the fiscal year end. CAIS program payments are triggered when the participant's claim-year program margin falls below their support level.

The two factors impacting estimated indemnities payable for the 2007 claim year are the number of participants and estimated program margins. The estimated number of participants for the 2007 claim year is based on the number of farm operations participating in the program during the 2006 claim year. The estimated program margins are based on forecasted changes in eligible income and expenses between 2006 and 2007. Based on historical experience of variability between forecasts and actual results of key assumptions, the estimated indemnities for the 2007 claim would range from $156,400 to $245,400.

CAIS indemnities payable includes estimated payments of $72,126 for claims received but not processed for the 2006 and prior claim years (2007 - $135,485 for the 2005 and prior claim years). The estimates for the 2006 claim year are based on the number of claims received but not yet processed and the estimated average payment per claim.

CAIS indemnities payable also includes estimated payments of $65,920 (2007 – $125,111) for related programs. The related programs were approved by the Government of Alberta for the 2005 and 2006 claim years. The estimate is based on the historical payment ratio for claims processed.

Note 3 Credit and Interest Risk

Credit Risk - Credit risk is the risk that debtors may not pay amounts owing to the Ministry. To manage this risk, the Ministry closely monitors and counsels high-risk accounts, such as beginning and developing agricultural loans. Security requirements proportionate to the degree of risk in each particular operation are also enforced.

The concentration of credit risk for insurance contracts held with reinsurers is monitored through a reinsurance broker who also evaluates the financial condition of each reinsurer. There is no significant reliance on any one reinsurer.

For insurance premiums receivable, a discount is provided for early payment of premiums. Payment arrangements are set for all customers not taking advantage of the offered discount. Outstanding premiums are closely monitored and collection action is taken promptly when required. Insurance contracts cannot be renewed if premiums for the prior year are outstanding at the renewal date.

Interest Risk - Interest rate risk is the impact future interest rate changes have on the financial position of the Ministry. This risk is managed by monitoring the mix of short, medium, and long-term lending and matching with terms of amounts borrowed.

Note 3 Credit and Interest Risk (continued)

The gaps between the loans receivable and notes and interest payable to the Province of Alberta represent the mismatching of the financing portfolio with that of the loan portfolio at March 31, 2008. The gaps provide an indication of interest rate exposure, or the potential risks to the Ministry if interest rates change.

	Term to Maturity [1]				Not Interest Rate Sensitive [2]	2008 Total	2007 Total (Restated)
	Within 1 Year	1 to 5 Years	6 to 10 Years	Over 10 Years			
	(in thousands)						
Loan balances	$ 100,619	$ 324,178	$ 311,117	$ 339,798	$ (2,656)	$ 1,073,056	$ 1,009,293
Yield [3]	6.22%	6.13%	6.01%	5.52%	-	6.05%	6.33%
Notes payable							
Province of Alberta	$ 199,688	$ 412,703	$ 295,485	$ 88,227	$ 10,616	$ 1,006,719	$ 931,371
Yield [3]	4.79%	4.94%	4.58%	3.84%	-	4.81%	4.97%
Net gap	$ (99,069)	$ (88,525)	$ 15,632	$ 251,571	$ (13,272)	$ 66,337	$ 77,922

(1) For loans, term to maturity reflects the period of time to the maturity date of the loan. For notes payable, term to maturity reflects the contractual maturity date of the debt. The interest rates are fixed until maturity. Repayment is either by semi-annual, annual installments or full repayment at maturity of principal.

(2) Includes general provisions, accrued interest, accrued beginning farmer incentive and unamortized loan discount.

(3) Yield represents the rate which discounts future cash receipts to the carrying amount.

Note 4 Contingent Liabilities
(in thousands)

At March 31, 2008, Ministry entities are defendants in three legal claims (2007 – ten legal claims). These claims have specified amounts totaling $1,932 (2007 – $2,882). Included in the total legal claims are two claims amounting to $1,632 (2007 – two claims amounting to $1,432) in which the Ministry has been jointly named with other entities. Two claims amounting to $1,632 (2007 – four claims amounting to $1,832) are covered by the Alberta Risk Management Fund.

The resulting loss, if any, from these claims cannot be determined.

Note 5 Contractual Obligations

	2008	2007
	(in thousands)	
Approved, Undisbursed Loans	$ 59,250	$ 67,911
Estimated Farm Loan Incentives	7,400	11,929
Reinsurance	9,229	16,742
Grants	18,398	16,505
Service Contracts	6,749	5,689
Operating Leases	740	858
	$ 101,766	$ 119,634

The operating lease commitments are for accommodations with terms up to five years.

Note 5 Contractual Obligations (continued)

The aggregate amounts payable for the unexpired terms of these contractual obligations are as follows:

	Approved, Undisbursed Loans	Estimated Farm Loan Incentives	Reinsurance	Grants	Service Contracts	Operating Leases	Total
			(in thousands)				
2009	$ 59,250	$ 3,228	$ 9,229	$ 18,146	$ 5,631	$ 628	$ 96,112
2010	-	2,286	-	124	917	52	3,379
2011	-	1,448	-	128	199	31	1,806
2012	-	419	-	-	2	23	444
2013	-	19	-	-	-	6	25
	$ 59,250	$ 7,400	$ 9,229	$ 18,398	$ 6,749	$ 740	$ 101,766

Note 6 Guarantees

	2008	2007	Expiry Date
	(in thousands)		
Feeder Associations	$ 50,728	$ 44,424	Ongoing
Agriculture Financial Services Corporation Guarantees	19,587	26,336	Variable
Rural Utilities Act	17	62	Ongoing
Agricultural Societies Act	-	11	2015
	70,332	70,833	
Allowance for Loan Guarantees	(656)	(2,060)	
	$ 69,676	$ 68,773	

The majority of loan guarantees relate to loans made by other financial institutions with repayment guaranteed by the Ministry. Prior to issuing a loan, security is taken. The security taken depends on the nature of the loan.

The expiry date shown for guarantees under the *Agricultural Societies Act* is the latest expiry date for guaranteed loans under the program.

Note 7 Trust Funds Under Administration

The Ministry administers trust funds that are regulated funds consisting of public money over which the Legislature has no power of appropriation. Because the Province has no equity in the funds and administers them for the purpose of various trusts, they are not included in the Ministry's financial statements.

As at March 31, 2008 trust funds under administration were as follows:

	2008	2007
	(in thousands)	
4-H General Trust	$ 12	$ 3
Wheat Board Monies Trust Fund	139	138
Claude Gallinger Memorial Trust Fund	22	23
	$ 173	$ 164

Note 8 Defined Benefit Plans
(in thousands)

The Ministry participates in the multi-employer pension plans, Management Employees Pension Plan and the Public Service Pension Plan. The Ministry also participates in the multi-employer Supplementary Retirement Plan for Public Service Managers. The expense for these plans is equivalent to annual contributions of $9,689 for the year ended March 31, 2008 (2007 – $8,548).

At December 31, 2007 the Management Employees Pension Plan reported a deficiency of $84,341 (2006 – $6,765) and the Public Service Pension Plan reported a deficiency of $92,070 (2006 surplus – $153,024). At December 31, 2007, the Supplementary Retirement Plan for Public Service Managers had a surplus of $1,510 (2006 – $3,698).

The Ministry also participates in two multi-employer Long Term Disability Income Continuance Plans. At March 31, 2008, the Bargaining Unit Plan reported an actuarial deficiency of $6,319 (2007 surplus – $153) and the Management, Opted Out, and Excluded Plan an actuarial surplus of $7,874 (2007 – $10,148). The expense for these two plans is limited to employer's annual contributions for the year.

Note 9 Comparative Figures

Certain 2007 figures have been reclassified to conform to the 2008 presentation.

Note 10 Budget

The 2007-2008 Government and Lottery Fund Estimates were approved on May 16, 2007.

Note 11 Approval of the Consolidated Financial Statements

The consolidated financial statements were approved by the Senior Financial Officer and the Deputy Minister.

Ministry - continued

Ministry of Agriculture and Food - Consolidated Schedule of Expenses - Directly Incurred Detailed by Object for the Year Ended March 31, 2008

Schedule 1
(in thousands)

	2008 Budget	2008 Actual	2007 Actual (Restated)
Grants	$ 120,601	$ 141,508	$ 138,290
Indemnities	670,334	462,411	719,055
Salaries, Wages, Employment Contracts and Benefits	137,303	134,122	123,179
Interest	51,125	46,402	45,135
Supplies and Services	61,796	57,355	59,913
Amortization of Tangible Capital Assets	12,100	11,703	10,855
Other Expenses	20,720	15,766	16,893
Valuation Adjustments	2,745	9,145	2,732
Total	$ 1,076,724	$ 878,412	$ 1,116,052

Ministry of Agriculture and Food - Consolidated Schedule of Loans Receivable
for the Year Ended March 31, 2008

Schedule 2
(in thousands)

	2008	2007
Loans Receivable	$ 1,078,156	$ 1,017,383
Accrued Interest	24,451	25,691
	1,102,607	1,043,074
Less Allowance for Doubtful Accounts	(27,270)	(30,679)
Less Accrued Incentives	(1,522)	(2,030)
Less Loan Discounts	(754)	(1,065)
	$ 1,073,061	$ 1,009,300

Fair values of loans receivable are not disclosed. Determining fair values with sufficient reliability is not practical due to the absence of verifiable information from established financial markets for such loans.

The allowance for doubtful accounts of $27,270 (2007 – $30,679) includes a specific allowance of $12,682 (2007 – $12,180) on impaired loans outstanding of $22,403 (2007 - $25,303), excluding unamortized loan discount.

Ministry of Agriculture and Food - Consolidated Schedule of Investments
for the Year Ended March 31, 2008

Schedule 3
(in thousands)

	2008	2007
Bonds and Debentures		
Government of Canada, direct and guaranteed	$ 228,040	$ 248,762
Other provincial, direct and guaranteed	46,424	42,791
	274,464	291,553
Corporate Securities	159,648	127,855
	434,112	419,408
Accrued interest	4,480	3,736
	$ 438,592	$ 423,144

	Term to Maturity					
	Within 1 Year	1 to 5 Years	6 to 10 Years	Over 10 Years	2008 Total	2007 Total
Bonds and Debentures	$ 69,278	$ 197,674	$ 1,971	$ 5,540	$ 274,463	$ 291,553
Yield	4.24%	4.28%	5.51%	5.13%	4.29%	4.24%
Corporate Securities	-	159,648	1	-	159,649	127,855
Yield	-	4.56%	-	-	4.56%	4.27%
	69,278	357,322	1,972	5,540	434,112	419,408
Accrued Interest	446	3,940	15	79	4,480	3,736
	$ 69,724	$ 361,262	$ 1,987	$ 5,619	$ 438,592	$ 423,144

The fair value of investments at March 31, 2008 is $443,770 (2007 - $424,519). Fair value is based on quoted market prices including accrued interest.

Ministry - continued

Ministry of Agriculture and Food - Consolidated Schedule of Tangible Capital Assets for the Year Ended March 31, 2008

Schedule 4
(in thousands)

	Land	Buildings	Equipment and Vehicles	Computer Hardware and Software	Rail Hopper Cars	2008 Totals	2007 Totals
Estimated Useful Life	**Indefinite**	**25 - 40 years**	**5 - 10 years**	**2 - 10 years**	**35 years**		
Historical Cost							
Beginning of year	$ 469	$ 11,532	$ 37,384	$ 56,824	$ 49,988	$ 156,197	$ 141,890
Additions	-	-	3,866	10,253	-	14,119	15,520
Disposals	-	-	(544)	(4,684)	(216)	(5,444)	(1,213)
	$ 469	$ 11,532	$ 40,706	$ 62,393	$ 49,772	$ 164,872	$ 156,197
Accumulated Amortization							
Beginning of year	$ -	$ 2,464	$ 18,212	$ 30,014	$ 37,274	$ 87,964	$ 77,969
Amortization expense	-	399	3,375	6,501	1,428	11,703	10,855
Effect of disposals	-	-	(433)	(4,557)	(164)	(5,154)	(860)
	$ -	$ 2,863	$ 21,154	$ 31,958	$ 38,538	$ 94,513	$ 87,964
Net Book Value at March 31, 2008	$ 469	$ 8,669	$ 19,552	$ 30,435	$ 11,234	$ 70,359	
Net Book Value at March 31, 2007	$ 469	$ 9,068	$ 19,172	$ 26,810	$ 12,714		$ 68,233

Historical cost includes work-in-progress at March 31, 2008 totaling $8,298 comprised of: equipment $7,011 (2007 - $1,190) and computer hardware and software $1,287 (2007 - $2,044).
This has not been amortized during the period.

Ministry - continued

Ministry of Agriculture and Food - Consolidated Schedule of Notes and Interest Payable for the Year Ended March 31, 2008

Schedule 5
(in thousands)

Notes and interest payable to the Province of Alberta by the Ministry are comprised of the following:

Remaining Term to Maturity	Effective Interest Rate	2008	Effective Interest Rate	2007 (Restated)
Within 1 year	2.25% - 3.75%	$ 140,000	4.10% - 4.18%	$ 100,000
1 to 5 years	3.43% - 7.64%	319,877	3.75% - 7.64%	386,757
6 to 10 years	4.21% - 6.52%	377,084	4.21% - 6.52%	297,493
Over 10 years	4.43% - 5.12%	159,142	4.43% - 5.12%	139,482
Accrued Interest		12,934		11,592
Unamortized discount		(2,318)		(3,953)
		$ 1,006,719		$ 931,371

Notes payable are carried at amortized cost. Premiums and discounts on notes payable are amortized to interest expense using the effective yield method over the period to maturity.

The approximate fair value at March 31, 2008 is $1,047,981 (2007 - $953,325). Fair value is an approximation of market value to the holder.

Scheduled principal repayments in each of the next five years are as follows:

Year ending March 31,	2009	$ 199,688
	2010	56,088
	2011	210,738
	2012	91,900
	2013	53,977
		$ 612,391

Ministry - continued

Ministry of Agriculture and Food - Consolidated Schedule of Related Party Transactions for the Year Ended March 31, 2008

Schedule 6
(in thousands)

Related parties are those entities consolidated or accounted for on a modified equity basis in the Province of Alberta's financial statements. Related parties also include management in the Ministry.

The Ministry and its employees paid certain taxes and fees set by regulation for permits, licenses and other charges. These amounts were incurred in the normal course of business, reflect charges applicable to all users, and have been excluded from this Schedule.

The Ministry had the following transactions with related parties recorded on the Statement of Operations and the Statement of Financial Position at the amount of consideration agreed upon between the related parties.

	2008	2007
Revenues:		
Grants	$ 22,220	$ 22,220
Other	376	313
	$ 22,596	$ 22,533
Expenses - Directly Incurred:		
Grants	$ -	$ 158
Accommodation	1,112	1,035
Other services	7,985	5,187
Interest	46,402	45,135
	$ 55,499	$ 51,515
Tangible Capital Assets		
Transferred from Advanced Education and Technology	$ 800	$ 801
Transferred from Environment	118	518
Transferred from Infrastructure and Transportation	-	212
Transferred to Service Alberta	-	(8)
Payable to		
Ministry of Advanced Education and Technology	2,223	588
Receivable from		
Ministry of Advanced Education and Technology	126	-
Ministry of Municipal Housing and Urban Affairs	2,704	2,777
	$ 5,971	$ 4,888

The Ministry also had the following transactions with related parties for which no consideration was exchanged. The amounts for these related party transactions are estimated based on the costs incurred by the service provider to provide the service. These amounts are not recorded in the financial statetments but are disclosed in Schedule 7.

	2008	2007
Expenses incurred by others:		
Accommodation	$ 15,437	$ 13,378
Legal	666	693
Service Alberta	5,038	5,057
	$ 21,141	$ 19,128

Note: The Ministry receives services under contracts managed by the Ministry of Service Alberta. Any commitments under these contracts are reported by the Ministry of Service Alberta.

Ministry - continued

Ministry of Agriculture and Food - Consolidated Schedule of Allocated Costs for the Year Ended March 31, 2008

Schedule 7
(in thousands)

	2008								2007
		Expenses - Incurred by Others			Valuation Adjustments [5]				
Program	Expenses[1]	Accommodation Costs [2]	Legal Services [3]	Service Alberta[4]	Vacation Pay	Doubtful Accounts	Guarantees	Total Expenses	Total Expenses
Insurance	$ 338,562	$ -	$ -	$ -	$ -	$ (495)	$ -	$ 338,067	$ 217,127
Farm income support	199,013	-	-	-	-	(1,978)	-	197,035	580,055
Industry development	66,275	8,189	137	-	286	2,247	-	77,134	50,899
Environment and Food Safety	67,941	5,563	217	-	85	(3)	-	73,803	67,967
Planning and competitiveness	13,336	557	150	-	13	532	(218)	14,370	13,794
Rural Services	45,706	651	17	-	(123)	(22)	-	46,229	37,411
Farm Fuel Distribution Allowance	32,830	-	-	-	-	-	-	32,830	32,446
Lending	25,822	-	-	-	-	8,663	-	34,485	20,089
Infrastructure assistance	19,279	-	-	-	-	-	-	19,279	50,515
Ministry support services	14,101	477	145	5,038	62	22	-	19,845	19,742
	$ 822,865	$ 15,437	$ 666	$ 5,038	$ 323	$ 8,966	$ (218)	$ 853,077	$ 1,090,045

[1] Expenses - Directly incurred per the Consolidated Statement of Operations, excluding valuation adjustments and debt servicing costs.

[2] Costs shown for Accommodation (includes grants in lieu of taxes) on Schedule 6, allocated by budgeted full-time equivalent employment.

[3] Costs shown for Legal Services on Schedule 6, allocated by estimated costs incurred by each program.

[4] Costs shown for Service Alberta on Schedule 6, allocated by estimated costs incurred by each program.

[5] Valuation Adjustments as per Statement of Operations, Employee Benefits and Doubtful Accounts provision included in Valuation Adjustments were allocated as follows:

- Vacation Pay - allocated to the program by employee.
- Doubtful Accounts Provision - estimated allocation to program.

Department of Agriculture and Food

Financial Statements

For the Year Ended
March 31, 2008

Department of Agriculture and Food

Financial Statements

For the Year Ended
March 31, 2008

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To the Minister of Agriculture and Rural Development

I have audited the statement of financial position of the Department of Agriculture and Food as at March 31, 2008 and the statements of operations and cash flows for the year then ended. These financial statements are the responsibility of the Department's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Department as at March 31, 2008 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

[Original Signed by Fred J. Dunn, FCA]
Auditor General

Edmonton, Alberta
June 3, 2008

The official version of this Report of the Auditor General, and the information the Report covers, is in printed form.

Statement of Operations for the Year Ended March 31, 2008
(in thousands)

	2008 Budget (Schedule 4)	2008 Actual	2007 Actual
Revenues (Schedule 1)			
Transfers from the Government of Canada	$ 17,766	$ 35,076	$ 14,724
Internal Government Transfers	22,220	22,220	22,220
Other Revenue	6,072	11,089	7,081
Premiums, Fees and Licenses	2,627	1,642	1,641
	48,685	**70,027**	**45,666**
Expenses - Directly Incurred (Note 2(b) and Schedule 8)			
Voted (Schedules 3 and 5)			
Ministry Support Services	15,114	14,101	13,188
Planning and Competitiveness	13,389	13,336	12,489
Environment and Food Safety	82,268	67,942	62,877
Industry Development	51,694	66,275	45,708
Rural Services	37,065	45,706	36,641
Infrastructure Assistance	17,355	19,279	50,515
Agriculture Assistance			
Income Stabilization	139,531	146,654	420,888
Insurance and Lending	175,519	115,556	185,095
Farm Fuel Distribution Allowance	33,500	32,828	32,446
Farm Income Assistance	-	(392)	(236)
Farm Water Program	5,721	6,675	1,632
	571,156	**527,960**	**861,243**

continued

continued
Statement of Operations for the Year Ended March 31, 2008
(in thousands)

	2008 Budget (Schedule 4)	2008 Actual	2007 Actual
Statutory (Schedules 3 and 5)			
Valuation Adjustments			
Write-offs and Losses	-	74	-
Provision for Loan Guarantees	-	(218)	-
Provision for Vacation Pay	-	323	155
Provision for Doubtful Accounts	-	2,776	50
	-	**2,955**	**205**
	571,156	**530,915**	**861,448**
Loss on Disposal of Tangible Capital Assets	-	(96)	(25)
Net Operating Result	**$ (522,471)**	**$ (460,984)**	**$ (815,807)**

The accompanying notes and schedules are part of these financial statements.

Statement of Financial Position as at March 31, 2008
(in thousands)

	2008	2007
Assets		
Cash and Cash Equivalents	$ 73	$ 210
Accounts Receivable (Note 3)	49,152	40,090
Loans and Advances (Note 4)	6	11
Tangible Capital Assets (Note 5)	34,009	33,838
	$ 83,240	**$ 74,149**
Liabilities		
Accounts Payable and Accrued Liabilities (Note 6)	$ 113,105	$ 99,315
Unearned Revenue	4,609	4,099
	117,714	**103,414**
Net Liabilities		
Net Liabilities at Beginning of Year	(29,265)	(11,075)
Net Operating Result	(460,984)	(815,807)
Net Financing Provided from General Revenues	455,775	797,617
Net Liabilities at End of Year	(34,474)	(29,265)
	$ 83,240	**$ 74,149**

The accompanying notes and schedules are part of these financial statements.

Statement of Cash Flows for the Year Ended March 31, 2008
(in thousands)

	2008	2007
Operating Transactions		
Net Operating Result	$ (460,984)	$ (815,807)
Non-cash items included in Net Operating Result		
Amortization	4,321	4,042
Valuation Adjustments	2,955	205
Loss on Disposal of Tangible Capital Assets	96	25
	(453,612)	**(811,535)**
(Increase) Decrease in Accounts Receivable	(11,912)	8,143
Increase in Accounts Payable and Accrued Liabilities	13,686	11,076
Increase in Unearned Revenue	510	821
Cash Applied to Operating Transactions	**(451,328)**	**(791,495)**
Capital Transactions		
Acquisition of Tangible Capital Assets	(3,732)	(4,580)
Transferred Assets	(918)	(1,523)
Disposal of Tangible Capital Assets	61	107
Cash Applied to Capital Transactions	**(4,589)**	**(5,996)**
Investing Transactions		
Loans and Advances	-	(2)
Repayment of Loans and Advances	5	-
Cash Provided by (Applied to) Investing Transactions	**5**	**(2)**
Financing Transactions		
Net Financing Provided from General Revenues	455,775	797,617
Cash Provided by Financing Transactions	**455,775**	**797,617**
(Decrease) Increase in Cash and Cash Equivalents	(137)	124
Cash and Cash Equivalents, Beginning of Year	210	86
Cash and Cash Equivalents, End of Year	**$ 73**	**$ 210**

The accompanying notes and schedules are part of these financial statements.

Notes to the Financial Statements for the Year Ended March 31, 2008

Note 1 Authority and Purpose

The Department of Agriculture and Food operates under the authority of the *Government Organization Act*, Chapter G-10, Revised Statutes of Alberta 2000. The purpose of the Department is to enable the growth of a globally competitive, sustainable agriculture and food industry through essential policy, legislation, information and services in partnership with vibrant rural communities.

Note 2 Summary of Significant Accounting Policies and Reporting Practices

These financial statements are prepared primarily in accordance with Canadian generally accepted accounting principles for the public sector as recommended by the Public Sector Accounting Board of the Canadian Institute of Chartered Accountants. The PSAB financial statements presentation standard for government summary financial statements has been modified to more appropriately reflect the nature of the departments.

(a) Reporting Entity

The reporting entity is the Department of Agriculture and Food, which is part of the Ministry of Agriculture and Food for which the Minister of Agriculture and Food is accountable. The other entity reporting to the Minister is Agriculture Financial Services Corporation. The activities of this organization are not included in these financial statements. The Ministry Annual Report provides a more comprehensive accounting of the financial position and results of the Ministry's operations for which the Minister is accountable.

All departments of the Government of Alberta operate within the General Revenue Fund (the Fund). The Fund is administered by the Minister of Finance. All cash receipts of departments are deposited into the Fund and all cash disbursements made by departments are paid from the Fund. Net Financing provided from General Revenues is the difference between all cash receipts and all cash disbursements made.

(b) Basis of Financial Reporting

Revenues - All revenues are reported on the accrual basis of accounting. Cash received for which goods or services have not been provided by year end is recorded as unearned revenue.

Internal Government Transfers - Internal government transfers are transfers between entities within the government reporting entity where the entity making the transfer does not receive any goods or services directly in return.

Transfers from Government of Canada - Transfers from Government of Canada are recognized as revenue when authorized by federal legislation or federal/provincial agreements, eligibility criteria if any are met, and a reasonable estimate of the amounts can be made.

Dedicated Revenue - Dedicated revenue initiatives provide a basis for authorized spending. Dedicated revenues are shown as credits or recoveries in the details of the Government Estimates for a supply vote. If budgeted revenues are not fully realized, spending is reduced by an equivalent amount. If actual dedicated revenues exceed budget, the Department may, with the approval of the Treasury Board, use the excess revenue to fund additional expenses on the program. Schedule 2 discloses information on the Department's dedicated revenue initiatives.

Expenses

Directly Incurred - Directly incurred expenses are those costs the Department has primary responsibility and accountability for, as reflected in the Government's budget documents.

In addition to program operating expenses such as salaries, supplies, etc., directly incurred expenses also include:

- amortization of tangible capital assets.
- pension costs which comprise the cost of employer contributions for current service of employees during the year.
- valuation adjustments which include changes in the valuation allowances used to reflect financial assets at their net recoverable or other appropriate value. Valuation adjustments also represent the change in management's estimate of future payments arising from obligations relating to vacation pay, guarantees, and indemnities.

Grants are recognized as expenses when authorized, eligibility criteria if any are met, and a reasonable estimate of the amounts can be made.

Incurred by Others - Services contributed by other entities in support of the Department operations are disclosed in Schedule 8.

Note 2 Summary of Significant Accounting Policies and Reporting Practices - continued

Assets - Financial assets of the Department are limited to financial claims, such as advances to and receivables from other organizations, employees and other individuals.

Assets acquired by right are not included. Tangible capital assets of the Department are recorded at historical cost and amortized on a straight-line basis over the estimated useful lives of the assets. The threshold for capitalizing new systems development is $100,000 and the threshold for all other tangible capital assets is $5,000. All land is capitalized.

Liabilities - Liabilities are recorded to the extent that they represent present obligations as a result of events and transactions occurring prior to the end of the fiscal year. The settlement of liabilities will result in sacrifice of economic benefits in the future.

Net Liabilities - Net liabilities represent the difference between the carrying value of assets held by the Department and its liabilities.

Measurement Uncertainty (*in thousands*) - Measurement uncertainty exists when there is a variance between the recognized or disclosed amount and another reasonably possible amount.

These financial statements include the Department's contribution of $146,654 to Agriculture Financial Services Corporation for the Department's share of program payments under the Canadian Agricultural Income Stabilization (CAIS) program and related programs including the Farm Recovery Plan that is subject to measurement uncertainty. The Department's contribution for the CAIS program could change substantially in the future, if factors considered by management in establishing the estimates were to change significantly.

Included in the Department's contribution toward the cost of the CAIS program are estimated contributions for the 2007 claim year of $80,345 for the vast majority of claims that have not yet been received because the deadline for submission of complete information is after the end of the fiscal year. CAIS program payments are triggered when the participant's claim-year program margin falls below their support level.

The two factors impacting estimated indemnities payable for the 2007 claim year are the number of participants and estimated program margins. The estimated number of participants for the 2007 claim year is based on the number of farm operations participating in the program during the 2006 claim year. The estimated program margins are based on forecasted changes in eligible income and expenses and inventories between 2006 and 2007. Based on historical experience of variability between forecasts and actual results of key assumptions, the estimated indemnities for the 2007 claim would range from $62,560 to $98,160.

The Department's contribution includes estimated contributions of $28,850 for claims received but not processed for the 2006 and prior claim years (2007 - $54,194 for the 2005 and prior claim years). The estimates for the 2006 claim year are based on the number of claims received but not yet processed and the estimated average payment per claim.

The Department's contribution also includes estimated contributions of $65,920 for related programs including the Farm Recovery Plan (2007 - $125,111). The related programs were approved by the Government of Alberta for the 2005 and 2006 claim years. The estimate is based on the historical payment ratio for claims processed.

Valuation of Financial Assets and Liabilities

Fair value is the amount of consideration agreed upon in an arm's length transaction between knowledgeable, willing parties who are under no compulsion to act.

The fair values of cash and cash equivalents, accounts receivable, advances and accounts payable and accrued liabilities are estimated to approximate their carrying values because of the short term nature of these instruments. Fair values of loans are not reported due to there being no organized financial market for the instruments and it is not practicable within constraints of timeliness or cost to estimate the fair value with sufficient reliability.

Department - continued
Department of Agriculture and Food - Financial Statements 2007-2008

Note 3 Accounts Receivable

	2008			2007
	Gross Amount	Allowance for Doubtful Accounts	Net Realizable Value	Net Realizable Value
	(in thousands)			
Accounts receivable	$ 52,712	$ 3,728	$ 48,984	$ 39,976
Refunds from suppliers	168	-	168	114
	$ 52,880	$ 3,728	$ 49,152	$ 40,090

Accounts receivable are unsecured and non-interest bearing.

Note 4 Loans and Advances

	2008			2007
	Gross Amount	Allowance for Doubtful Accounts	Net Realizable Value	Net Realizable Value
	(in thousands)			
Travel Advances	$ 1	$ -	$ 1	$ 4
Loans Receivable	7	2	5	7
	$ 8	$ 2	$ 6	$ 11

Note 5 Tangible Capital Assets

	Land	Buildings	Equipment and Vehicles	Computer Hardware and Software	Rail Hopper Cars	2008 Totals	2007 Totals
Estimated Useful Life	**Indefinite**	**40 years**	**10 years**	**3 - 5 years**	**35 years**		
			(in thousands)				
Historical Cost							
Beginning of year	$ 122	$ 1,739	$ 32,996	$ 3,976	$ 49,988	$ 8,821	$ 83,619
Additions	-	-	3,690	960	-	4,650	6,103
Disposals	-	-	(532)	-	(216)	(748)	(901)
	$ 122	$ 1,739	$ 36,154	$ 4,936	$ 49,772	$ 92,723	$ 88,821
Accumulated Amortization							
Beginning of year	$ -	$ 218	$ 15,586	$ 1,905	$ 37,274	$ 54,983	$ 51,710
Amortization expense	-	44	2,448	401	1,428	4,321	4,042
Effect of disposals	-	-	(426)	-	(164)	(590)	(769)
	$ -	$ 262	$ 17,608	$ 2,306	$ 38,538	$ 58,714	$ 54,983
Net Book Value at March 31, 2008	$ 122	$ 1,477	$ 18,546	$ 2,630	$ 11,234	$ 34,009	
Net Book Value at March 31, 2007	$ 122	$ 1,521	$ 17,410	$ 2,071	$ 12,714		$ 33,838

Historical cost includes work-in-progress at March 31, 2008 totaling $3,556 comprised of: equipment $2,269 (2007 - $1,190) and computer hardware and software $1,287 (2007 - $797).

This has not been amortized during the period.

Note 6 Accounts Payable and Accrued Liabilities

	2008	2007
	(in thousands)	
Accounts Payable – General	$ 25,128	$ 3,883
Manpower	12,560	12,090
Grants	70,423	77,846
Allowance for Loan Guarantees	4	1,204
Supplies and Services and Capital Purchases	4,990	4,292
	$ 113,105	$ 99,315

Note 7 Contractual Obligations

	2008	2007
	(in thousands)	
Grants	$ 18,398	$ 16,505
Service contracts	6,749	5,689
	$ 25,147	$ 22,194

The aggregate amounts payable for the unexpired terms of these contractual obligations are as follows:

	Grants	Service Contracts	Total
		(in thousands)	
2009	$ 18,146	$ 5,631	$ 23,777
2010	124	917	1,041
2011	128	199	327
2012	-	2	2
	$ 18,398	$ 6,749	$ 25,147

Note 8 Contingent Liabilities
(in thousands)

At March 31, 2008, the Department is a defendant in three legal claims (2007 – five legal claims). These claims have specified amounts totaling $1,932 (2007 – $2,082). Included in the total legal claims are two claims amounting to $1,632 (2007 – one claim amounting to $1,332) in which the Department has been jointly named with other entities. Two claims amounting to $1,632 (2007 – three claims amounting to $1,632) are covered by the Alberta Risk Management Fund.

The resulting loss, if any, from these claims cannot be determined.

Note 9 Guarantees

	2008	2007	Expiry Date
	(in thousands)		
Feeder Associations	$ 50,728	$ 44,424	Ongoing
Rural Utilities Act	17	62	Ongoing
Agricultural Societies Act	-	11	2015
	50,745	44,497	
Allowance for Loan Guarantees	(4)	(1,204)	
	$ 50,741	$ 43,293	

Guarantee programs and their limits are established under the following Acts:

- *Feeder Associations Guarantee Act* (authorized guarantee limit set by Order in Council is $55 million)
- *Rural Utilities Act* (authorized guarantee limit set by statute is $50 million)
- *Agricultural Societies Act* (authorized guarantee limit set by statute is $50 million)

The lender takes appropriate security prior to issuing a loan to the borrower, which is guaranteed by the Province. The security taken depends on the nature of the loan. Interest rates are negotiated with the lender by the borrower.

The expiry date shown for guarantees under the *Agricultural Societies Act* is the latest expiry date for guaranteed loans under the program.

Note 10 Trust Funds Under Administration

The Department administers trust funds that are regulated funds consisting of public money over which the Legislature has no power of appropriation. Because the Province has no equity in the funds and administers them for the purpose of various trusts, they are not included in the Department's financial statements.

As at March 31, 2008 trust funds under administration were as follows:

	2008	2007
	(in thousands)	
4-H General Trust	$ 12	$ 3
Wheat Board Monies Trust Fund	139	138
Claude Gallinger Memorial Trust Fund	22	23
	$ 173	$ 164

Note 11 Payments Under Agreement
(in thousands)

The Department has entered into an agreement to deliver the Canadian Food Safety and Quality Program that is fully funded by the Government of Canada.

Costs incurred under this agreement are made by the Department under authority of the *Financial Administration Act*, Section 25. Accounts receivable includes $5,110 (2007 - $998) and accounts payable includes $187 (2007 - $48) relating to payments under agreement.

Amounts paid and payable under the agreement with program sponsors are $9,426 (2007 - $1,432).

Note 12 Defined Benefit Plans
(in thousands)

The Department participates in the multi-employer Management Employees Pension Plan and Public Service Pension Plan. The Department also participates in the multi-employer Supplementary Retirement Plan for Public Service Managers. The expense for these pension plans is equivalent to the annual contributions of $6,868 for the year ended March 31, 2008 (2007 – $6,296).

Note 12 Defined Benefit Plans (continued)

At December 31, 2007, the Management Employees Pension Plan reported a deficiency of $84,341 (2006 – $6,765) and the Public Service Pension Plan reported a deficiency of $92,070 (2006 surplus – $153,024). At December 31, 2007, the Supplementary Retirement Plan for Public Service Managers had a surplus of $1,510 (2006 – $3,698).

The Department also participates in two multi-employer Long Term Disability Income Continuance Plans. At March 31, 2008, the Bargaining Unit Plan reported an actuarial deficiency of $6,319 (2007 surplus – $153) and the Management, Opted Out and Excluded Plan an actuarial surplus of $7,874 (2007 – $10,148). The expense for these two plans is limited to the employer's annual contributions for the year.

Note 13 Comparative Figures

Certain 2007 figures have been reclassified to conform to the 2008 presentation.

Note 14 Approval of the Financial Statements

The financial statements were approved by the Senior Financial Officer and the Deputy Minister.

Department - continued

Department of Agriculture and Food - Schedule to Financial Statements
Revenues for the Year Ended March 31, 2008

Schedule 1
(in thousands)

	2008 Budget	2008 Actual	2007 Actual
Transfers from the Government of Canada			
SRM Disposal	$ 7,400	$ 5,055	$ -
Agricultural Policy Framework	5,482	24,865	4,635
BSE Surveillance	4,000	4,425	5,065
Other	884	731	5,024
	17,766	35,076	14,724
Internal Government Transfers			
Transfers from the Lottery Fund	22,220	22,220	22,220
Other Revenue			
Project Contributions	4,247	3,515	3,255
Rail Hopper Car Revenue	650	1,731	949
Green Certificate and Home Study	880	346	517
Publications	225	219	216
Refunds of Expenditures			
Previous Years'	-	3,603	1,385
Other	-	(13)	(16)
Surplus Sales	-	92	82
Miscellaneous	70	1,596	693
	6,072	11,089	7,081
Premiums, Fees and Licenses			
Livestock Water Program	140	125	316
Food Processing Centre Fees	600	638	775
Business Incubator Fees	226	148	4
Meat Services	250	168	189
Livestock Production and Meat Quality	500	310	159
Dairy Laboratory and Analytical Services	-	7	8
Other	911	246	190
	2,627	1,642	1,641
	$ 48,685	$ 70,027	$ 45,666

Department - continued

Department of Agriculture and Food - Schedule to Financial Statements
Dedicated Revenue Initiatives for the Year Ended March 31, 2008

Schedule 2
(in thousands)

	Authorized Dedicated Revenues	Actual Dedicated Revenues	(Shortfall)/ Excess
Ministry Support Services	$ 245	$ 219	$ (26)
Planning and Competitiveness	2,511	3,505	994
Rural Services	1,578	1,457	(121)
Industry Development	8,225	7,594	(631)
Environment and Food Safety	9,256	7,460	(1,796)
	$ 21,815	$ 20,235	$ (1,580) [1]

Ministry Support Services dedicated revenue initiatives include fees for sale of publications.

Planning and Competitiveness dedicated revenue initiatives include Federal Revenue under the Agricultural Policy Framework (APF) ($3,422) and Economics and Competitiveness ($83).

Rural Services dedicated revenue initiatives include Federal revenue under the APF ($917), Rural Utilities ($159) and Rural Programs and Services ($381).

Industry Development dedicated revenue initiatives include Federal revenue under the APF (2,675), external contributions to projects and initiatives ($4,133) and Food Processing Development fees ($786).

Environment and Food Safety dedicated revenue initiatives include Federal revenue under the APF ($190), Specified Risk Material Disposal ($5,055), external contributions to projects and initiatives ($1,691), fees for Food Safety Initiatives ($86), Regulatory Services ($304) and Agriculture Stewardship ($134).

The revenue and expense of each initiative's dedicated revenue and expense are reported in the Statement of Operations.

[1] Shortfall is deducted from the current year's authorized budget, as disclosed in Schedules 4 and 5 of the financial statements.

Department - continued

Department of Agriculture and Food - Schedule to Financial Statements
Expenses - Directly Incurred Detailed by Object for the Year Ended March 31, 2008

Schedule 3
(in thousands)

	2008 Budget	2008 Actual	2007 Actual
Voted:			
Salaries, Wages and Employee Benefits	$ 90,250	$ 87,855	$ 82,580
Supplies and Services	43,857	35,965	35,072
Grants	432,480	399,750	739,485
Financial Transactions and Other	69	69	64
Amortization of Tangible Capital Assets	4,500	4,321	4,042
Total Voted Expenses	$ 571,156	$ 527,960	$ 861,243
Statutory:			
Valuation adjustments			
Write-offs and Losses	$ -	$ 74	$ -
Provision for Loan Guarantees	-	(218)	-
Provision for Vacation Pay	-	323	155
Provision for Doubtful Accounts	-	2,776	50
	$ -	$ 2,955	$ 205

Department - continued

Department of Agriculture and Food - Schedule to Financial Statements
Authorized Budget for the Year Ended March 31, 2008

Schedule 4
(in thousands)

	2007-2008 Estimates	Adjustment (a)	2007-2008 Authorized Budget
Revenues:			
Transfers from the Government of Canada	$ 17,766	$ -	$ 17,766
Internal Government Transfers	22,220	-	22,220
Other Revenue	6,072	-	6,072
Fees, Permits and Licenses	2,627	-	2,627
	48,685	-	48,685
Expenses - Directly Incurred:			
Voted Expenses			
Planning and Competitiveness	52,610	-	52,610
Agriculture Insurance and Lending Assistance	315,050	-	315,050
Environment and Food Safety	94,623	-	94,623
Industry Development	56,694	-	56,694
Rural Services	37,065	-	37,065
Ministry Support Services	15,114	-	15,114
Dedicated Revenue Shortfall (Schedule 2)	-	(1,580)	(1,580)
	571,156	(1,580)	569,576
Net Operating Result	$ (522,471)	$ 1,580	$ (520,891)
Equipment/Inventory Purchases	$ 3,666	$ -	$ 3,666

(a) Adjustments include dedicated revenue shortfalls.

Department - continued

Department of Agriculture and Food - Schedule to Financial Statements
Comparison of Expenses - Directly Incurred and Capital Investments by Element to Authorized Budget for the Year Ended March 31, 2008

Schedule 5
(in thousands)

		2007-2008 Estimates	Adjustments (a)	2007-2008 Authorized Budget	2007-2008 Actual Expenses	Unexpended (Over Expended)
Voted Expenses and Capital Investments						
1.0	Ministry Support Services					
1.0.1	Minister's Office	$ 485	$ -	$ 485	$ 382	$ 103
1.0.2	Deputy Minister's Office	550	-	550	681	(131)
1.0.3	Farmers' Advocate	863	-	863	876	(13)
1.0.4	Corporate Services					
	- Expense	8,602	-	8,602	7,707	895
	- Capital Investment	70	-	70	11	59
1.0.5	Agriculture Information Division					
	- Expense	2,593	-	2,593	2,646	(53)
	- Capital Investment	-	-	-	15	(15)
1.0.6	Communications	406	-	406	402	4
1.0.7	Human Resources	1,615	-	1,615	1,407	208
	Total Program	15,184	-	15,184	14,127	1,057
2.0	Planning and Competitiveness					
2.0.1	Program Support	1,877	-	1,877	1,823	54
2.0.2	Policy Secretariat	3,891	-	3,891	3,511	380
2.0.3	Alberta Grain Commission	495	-	495	494	1
2.0.4	Economics and Competitiveness	4,521	-	4,521	5,393	(872)
2.0.5	Strategic Direction and Program Policy	2,605	-	2,605	2,115	490
2.0.6	Farm Fuel Distribution Allowance	33,500	-	33,500	32,828	672
2.0.7	Farm Water Program	5,721	-	5,721	6,675	(954)
2.0.8	Farm Income Assistance Program	-	-	-	2	(2)
	Total Program	52,610	-	52,610	52,841	(231)

Department - continued

Department of Agriculture and Food - Schedule to Financial Statements
Comparison of Expenses - Directly Incurred and Capital Investments by Element to Authorized Budget for the Year Ended March 31, 2008

Schedule 5 continued

		2007-2008 Estimates	Adjustments (a)	2007-2008 Authorized Budget	2007-2008 Actual Expenses	Unexpended (Over Expended)
Voted Expenses and Capital Investments						
3.0	Rural Services					
3.0.1	Program Support	465	-	465	660	(195)
3.0.2	Rural Utilities					
	- Expense	6,153	-	6,153	9,479	(3,326)
	- Capital Investment	-	-	-	97	(97)
3.0.3	Rural Community and Leadership Development	8,227	-	8,227	8,357	(130)
3.0.4	Agricultural Service Boards					
	- Expense funded by Lotteries	10,600	-	10,600	10,590	10
3.0.5	Agriculture Societies					
	- Expense	-	-	-	4,990	(4,990)
	- Expense funded by Lotteries	8,670	-	8,670	8,680	(10)
3.0.6	Agriculture Initiatives					
	- Expense funded by Lotteries	2,950	-	2,950	2,950	-
	Total Program	37,065	-	37,065	45,803	(8,738)

Department - continued

Department of Agriculture and Food - Schedule to Financial Statements
Comparison of Expenses - Directly Incurred and Capital Investments by Element to Authorized Budget for the Year Ended March 31, 2008

Schedule 5 continued

		2007-2008 Estimates	Adjustments (a)	2007-2008 Authorized Budget	2007-2008 Actual Expenses	Unexpended (Over Expended)
Voted Expenses and Capital Investments						
4.0	Industry Development					
4.0.1	Program Support	2,172	-	2,172	1,725	447
4.0.2	Marketing Council					
	- Expense	870	-	870	1,174	(304)
	- Capital Investment	-	-	-	11	(11)
4.0.3	Agriculture Research					
	- Expense	15,485	-	15,485	16,653	(1,168)
	- Capital Investment	2,450	-	2,450	1,225	1,225
4.0.4	Food Processing Development					
	- Expense	5,388	-	5,388	4,620	768
	- Capital Investment	266	-	266	604	(338)
4.0.5	Bio-Industrial Technologies					
	- Expense	3,156	-	3,156	3,110	46
	- Capital Investment	-	-	-	17	(17)
4.0.6	Business Expansion & Commercialization					
	- Expense	8,085	-	8,085	7,979	106
	- Capital Investment	-	-	-	54	(54)
4.0.7	Agriculture Industry Development and Diversification					
	- Expense	9,821	-	9,821	9,216	605
	- Capital Investment	-	-	-	14	(14)
4.0.8	Growth Strategy Secretariat	6,717	-	6,717	4,117	2,600
4.0.9	Infrastructure Assistance for Municipal Wastewater	5,000	-	5,000	-	5,000
4.0.10	Industry Science and Innovation	-	-	-	17,681	(17,681)
	Total Program	59,410	-	59,410	68,200	(8,790)

Department - continued

Department of Agriculture and Food - Schedule to Financial Statements
Comparison of Expenses - Directly Incurred and Capital Investments by Element to Authorized Budget for the Year Ended March 31, 2008

Schedule 5 continued

		2007-2008 Estimates	Adjustments (a)	2007-2008 Authorized Budget	2007-2008 Actual Expenses	Unexpended (Over Expended)
Voted Expenses and Capital Investments						
5.0	Environment and Food Safety					
5.0.1	Program Support	2,308	-	2,308	1,772	536
5.0.2	Food Chain Traceability					
	- Expense	3,865	-	3,865	2,635	1,230
	- Capital Investment	-	-	-	424	(424)
5.0.3	Agricultural Stewardship					
	- Expense	22,028	-	22,028	21,422	606
	- Capital Investment	200	-	200	462	(262)
5.0.4	Food Safety					
	- Expense	31,201	-	31,201	24,488	6,713
	- Capital Investment	680	-	680	791	(111)
5.0.5	Surveillance Support	15,000	-	15,000	12,009	2,991
5.0.6	Regulatory Services					
	- Expense	7,556	-	7,556	8,720	(1,164)
	- Capital Investment	-	-	-	7	(7)
5.0.7	Irrigation Secretariat	310	-	310	318	(8)
5.0.8	Irrigation Infrastructure Assistance	12,355	-	12,355	15,857	(3,502)
	Total Program	95,503	-	95,503	88,905	6,598

Department - continued

Department of Agriculture and Food - Schedule to Financial Statements
Comparison of Expenses - Directly Incurred and Capital Investments by Element to Authorized Budget for the Year Ended March 31, 2008

Schedule 5 continued

		2007-2008 Estimates	Adjustments (a)	2007-2008 Authorized Budget	2007-2008 Actual Expenses	Unexpended (Over Expended)
Voted Expenses and Capital Investments						
6.0	Agriculture Insurance and Lending Assistance					
6.0.1	Lending Assistance	1,989	-	1,989	1,989	-
6.0.2	Farm Income Disaster	-	-	-	(394)	394
6.0.3	Crop Insurance	171,494	-	171,494	108,667	62,827
6.0.4	Wildlife Damage	2,036	-	2,036	4,900	(2,864)
6.0.5	Canadian Agricultural Income Stabilization	139,531	-	139,531	146,654	(7,123)
	Total Program	315,050	-	315,050	261,816	53,234
	Dedicated Revenue Shortfall (Schedule 2)	-	(1,580)	(1,580)	-	(1,580)
		$ 574,822	$ (1,580)	$ 573,242	$ 531,692	$ 41,550
	Expense	$ 548,936	$ (1,580)	$ 547,356	$ 505,740	$ 41,616
	Expense funded by Lotteries	22,220	-	22,220	22,220	-
		571,156	(1,580)	569,576	527,960	41,616
	Capital Investment	3,666	-	3,666	3,732	(66)
		$ 574,822	$ (1,580)	$ 573,242	$ 531,692	$ 41,550
Statutory Expenses:						
	Valuation Adjustments	$ -	$ -	$ -	$ 2,955	$ (2,955)

(a) Adjustments include dedicated revenue shortfalls.

Department - continued

Department of Agriculture and Food - Schedule to Financial Statements
Salary and Benefits Disclosure for the Year Ended March 31, 2008

Schedule 6
(in thousands)

	2008				2007
	Base Salary [1]	Other Cash Benefits [2]	Other Non-Cash Benefits [3]	Total	Total
Department					
Deputy Minister [4] [5]	$ 216,042	$ 101,242	$ 57,975	$ 375,259	$ 329,584
Assistant Deputy Ministers					
Planning and Competitiveness	155,340	27,789	40,376	223,505	206,364
Industry Development	161,531	30,655	53,705	245,891	222,158
Environment and Food Safety	161,531	27,499	41,555	230,585	222,069
Organizational Effectiveness and Rural Services	161,531	37,652	42,345	241,528	225,999
Executive Directors					
Information Division	132,243	22,787	33,918	188,948	187,317
Human Resources	129,590	23,432	33,983	187,005	173,587
Senior Financial Officer [6]	132,243	34,804	33,810	200,857	93,805
Boards and Agencies					
Farmers' Advocate [5]	132,243	22,787	6,819	161,849	155,190
General Manager, Agricultural Products Marketing Council [4]	132,243	18,155	36,512	186,910	168,037

Prepared in accordance with Treasury Board Directive 12/98 as amended.

Total salary and benefits relating to a position are disclosed.

[1] Base salary includes regular base pay.

[2] Other cash benefits include bonuses, vacation payouts, overtime and lump sum payments.

[3] Other non-cash benefits include government's share of all employee benefits and contributions or payments made on behalf of employees including pension, supplementary retirement plans, health care, dental coverage, group life insurance, short and long term disability plans, professional memberships and tuition fees.

[4] The position was occupied by two individuals through the year.

[5] Automobile provided, no dollar amount included in other non-cash benefits.

[6] Position became a member of Executive Team on October 1, 2006.

Department - continued

Department of Agriculture and Food - Schedule to Financial Statements
Related Party Transactions for the Year Ended March 31, 2008

Schedule 7
(in thousands)

Related parties are those entities consolidated or accounted for on a modified equity basis in the Province of Alberta's financial statements. Related parties also include management in the Department.

The Department and its employees paid certain taxes and fees set by regulation for permits, licenses and other charges. These amounts were incurred in the normal course of business, reflect charges applicable to all users, and have been excluded from this Schedule.

The Department had the following transactions with related parties recorded on the Statement of Operations and the Statement of Financial Position at the amount of consideration agreed upon between the related parties:

	Entities in the Ministry		Other Entities	
	2008	2007	2008	2007
Revenues:				
Grants	$ 226	$ 240	$ 22,220	$ 22,220
Other	-	-	376	313
	$ 226	$ 240	$ 22,596	$ 22,533
Expenses - Directly Incurred:				
Grants	$ 261,816	$ 605,746	$ -	$ 158
Other services	-	-	7,343	4,536
	$ 261,816	$ 605,746	$ 7,343	$ 4,694
Tangible Capital Assets				
Transferred from Advanced Education and Technology	$ -	$ -	$ 800	$ 801
Transferred from Environment	-	-	118	518
Transferred from Infrastructure and Transportation	-	-	-	212
Transferred to Service Alberta	-	-	-	(8)
Payable to				
Agriculture Financial Services Corporation	26,160	48,188	-	-
Ministry of Advanced Education and Technology	-	-	2,223	588
Receivable from				
Agriculture Financial Services Corporation	226	-	-	-
Ministry of Advanced Education and Technology	-	-	126	-
Ministry of Municipal Housing and Urban Affairs	-	-	2,704	2,777
	$ 26,386	$ 48,188	$ 5,971	$ 4,888

The Department also had the following transactions with related parties for which no consideration was exchanged. The amounts for these related party transactions are estimated based on the costs incurred by the service provider to provide the service. These amounts are not recorded in the financial statements but are disclosed in Schedule 8.

	Entities in the Ministry		Other Entities	
	2008	2007	2008	2007
Expenses - Incurred by Others:				
Accommodation	$ -	$ -	$ 15,437	$ 12,955
Legal	-	-	666	693
Service Alberta	-	-	5,038	5,057
	$ -	$ -	$ 21,141	$ 18,705

Note: The Department receives services under contracts managed by the Ministry of Service Alberta. Any commitments under these contracts are reported by the Ministry of Service Alberta.

Department - continued

Department of Agriculture and Food - Schedule to Financial Statements
Allocated Costs for the Year Ended March 31, 2008

Schedule 8
(in thousands)

	2008								2007
		Expenses - Incurred by Others			Valuation Adjustments[5]				
Program	Expenses[1]		Legal Services[3]	Service Alberta[4]	Vacation Pay	Doubtful Accounts	Guarantees	Total Expenses	Total Expenses
Industry Development	$ 66,275	$ 8,189	$ 137	$ -	$ 286	$ 2,247	$ -	$ 77,134	$ 50,899
Environment and Food Safety	67,942	5,563	217	-	85	(3)	-	73,804	67,967
Planning and Competitiveness	13,336	557	150	-	13	532	(218)	14,370	13,794
Infrastructure Assistance	19,279	-	-	-	-	-	-	19,279	50,515
Ministry Support Services	14,101	477	145	5,038	62	22	-	19,845	19,742
Rural Services	45,706	651	17	-	(123)	(22)	-	46,229	37,411
Agriculture Assistance									
Income Stabilization	146,654	-	-	-	-	-	-	146,654	420,888
Insurance and Lending	115,556	-	-	-	-	-	-	115,556	185,095
Farm Fuel Distribution Allowance	32,828	-	-	-	-	-	-	32,828	32,446
Farm Income Assistance	(392)	-	-	-	-	-	-	(392)	(236)
Other Assistance	6,675	-	-	-	-	-	-	6,675	1,632
	$ 527,960	$ 15,437	$ 666	$ 5,038	$ 323	$ 2,776	$ (218)	$ 551,982	$ 880,153

[1] Expenses - Directly incurred as per the Statement of Operations, excluding valuation adjustments.

[2] Costs shown for Accommodation on Schedule 7, allocated by budgeted full-time equivalent employment.

[3] Costs shown for Legal Services on Schedule 7, allocated by estimated costs incurred by each program.

[4] Costs shown for Service Alberta on Schedule 7, allocated by estimated costs incurred by each program.

[5] Valuation Adjustments as per Statement of Operations. Employee Benefits and Doubtful Accounts provision included in Valuation Adjustments were allocated as follows:

- Vacation Pay - allocated to the program by employee.
- Doubtful Accounts Provision - estimated allocation to program.

Agriculture Financial Services Corporation

Financial Statements

For the Year Ended
March 31, 2008

Agriculture Financial Services Corporation

Financial Statements

For the Year Ended
March 31, 2008

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AUDITOR GENERAL
Alberta

To the Board of Directors of the Agriculture Financial Services Corporation

I have audited the statement of financial position of the Agriculture Financial Services Corporation as at March 31, 2008 and the statements of operations and cash flows for the year then ended. These financial statements are the responsibility of the Corporation's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Corporation as at March 31, 2008 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

[Original Signed by Fred J. Dunn, FCA]
Auditor General

Edmonton, Alberta
May 28, 2008

The official version of this Report of the Auditor General, and the information the Report covers, is in printed form.

Statement of Financial Position as at March 31, 2008

(in thousands)

	2008	2007 (Restated) (Note 2(k))
Assets		
Cash	$ 267,451	$ 316,020
Accounts receivable (Note 4)	79,724	121,222
Due from Province of Alberta	26,603	48,069
Due from Government of Canada	212,704	303,247
Loans receivable (Note 5)	1,073,056	1,009,293
Investments (Note 6)	438,592	423,144
Property and equipment (Note 7)	36,350	34,395
	$ 2,134,480	**$ 2,255,390**
Liabilities and Surplus		
Accounts payable and accrued liabilities	$ 13,912	$ 13,843
Indemnities payable (Note 8)	344,390	591,091
Due to Crop Reinsurance Fund of Canada for Alberta	210	1,847
Allowance for losses on loan guarantees (Note 13)	652	856
Notes payable (Note 9)	1,006,719	931,371
Unearned revenue (Notes 2(k), 10)	6,576	6,411
	1,372,459	**1,545,419**
Surplus	762,021	709,971
	$ 2,134,480	**$ 2,255,390**

Contingencies and commitments (Note 13)

The accompanying notes and schedules are part of these financial statements.

Original signed by:

Barry Holmes, Chair of Audit Committee

Harry Haney, Chair of the Board

Statement of Operations for the Year Ended March 31, 2008

(in thousands)

	2008 Budget (Note 3(a))	2008 Actual (Schedule 1)	2007 Actual (Restated) (Note 2(k))
Revenue			
Premiums from insured persons	$ 180,535	$ 146,101	$ 132,412
Interest	77,231	67,598	68,257
Contribution from Province of Alberta	315,050	261,816	613,249
Contribution from Government of Canada	311,255	136,157	244,537
Investment income	23,192	37,196	28,589
Fees and other income	18,242	12,907	21,192
	925,505	**661,775**	**1,108,236**
Expense			
Indemnities	670,333	462,411	719,055
Administration (Schedule 2)	70,264	73,242	70,418
Interest	51,125	46,488	45,190
Reinsurance	20,651	15,698	16,829
Farm loan incentives	3,171	3,574	4,552
Provision for doubtful accounts and for losses (Note 12)	2,745	6,190	2,527
Selling commissions	2,568	2,122	2,075
	820,857	**609,725**	**860,646**
Surplus for the year	$ 104,648	**52,050**	**247,590**
Surplus at beginning of year		709,971	462,381
Surplus at end of year		**$ 762,021**	**$ 709,971**

The accompanying notes and schedules are part of these financial statements.

Statement of Cash Flows for the Year Ended March 31, 2008

(in thousands)

	2008	2007
Operating Transactions:		
Surplus for the year	$ 52,050	$ 247,590
Non-cash items included in Surplus	14,205	(14,356)
Changes in assets and liabilities relating to operations	(88,616)	110,652
Net cash (utilized) provided by operating activities[1]	**(22,361)**	**343,886**
Investing Transactions		
Proceeds from repayments of loans receivable and sale of properties	179,785	176,347
Loan disbursements	(253,805)	(218,971)
Purchase of investments	(285,766)	(969,420)
Proceeds on disposal of investments	270,644	784,674
Purchase of property and equipment	(9,469)	(9,417)
Proceeds on disposal of property and equipment	32	548
Net cash utilized by investing activities	**(98,579)**	**(236,239)**
Financing Activities		
Borrowing from the Province of Alberta	791,031	832,348
Repayment of borrowing from the Province of Alberta	(718,660)	(796,051)
Government of Canada funding for property and equipment	-	3,138
Province of Alberta funding for property and equipment	-	5,523
Net cash provided by financing activities	**72,371**	**44,958**
Net (decrease) increase in cash from operating, investing and financing activities	**(48,569)**	**152,605**
Cash at beginning of year	316,020	163,415
Cash at end of year	**$ 267,451**	**$ 316,020**

[1] Net cash provided by operating activities includes $43,940 (2007 $45,190) of interest paid.

The accompanying notes and schedules are part of these financial statements.

Notes to the Financial Statements for the Year Ended March 31, 2008
(in thousands)

Note 1 Authority and Purpose

The Agriculture Financial Services Corporation (the "Corporation") operates under the authority of the *Agriculture Financial Services Act*, Chapter A-12 RSA 2000.

The Corporation provides income stabilization, disaster assistance, production insurance, and loans and guarantees to primary agriculture producers in Alberta. Loans and guarantees are also provided to commercial Alberta businesses.

Note 2 Significant Accounting Policies and Reporting Practices

These financial statements are prepared primarily in accordance with generally accepted accounting principles for the public sector as recommended by the Public Sector Accounting Board of the Canadian Institute of Chartered Accountants.

(a) Cash

Cash consists of balances in accounts with the Consolidated Cash Investment Trust Fund which is managed by the Province of Alberta to provide competitive interest income while maintaining maximum security and liquidity of funds.

(b) Investments

Investments are carried at cost or amortized cost unless there is an other than temporary decline in the value of the investments then the investments are written down to recognize the loss. Premiums and discounts on investments are amortized to investment income using the straight-line method over the period to maturity of the related investment. Gains and losses realized on disposal of investments are included in investment income.

(c) Notes Payable

Notes payable are carried at amortized cost. Premiums and discounts on notes payable are amortized to interest expense using the effective yield method over the period to maturity.

(d) Fair Value of Assets and Liabilities

Because of the relatively short period to maturity, short-term financial instruments are valued at cost and adjusted for any applicable allowance for doubtful accounts. This is considered to be equivalent to fair value and applies to Cash, Accounts receivable, Due from Province of Alberta, Due from Government of Canada, Accounts payable and accrued liabilities, indemnities payable and Due to Crop Reinsurance Fund of Canada for Alberta. Fair values of Investments and Notes payable are disclosed in their respective notes.

(e) Reinsurance

The Corporation carries reinsurance to cover production insurance risks through the two levels of government. Two crop reinsurance funds were established. On behalf of the Province, the Corporation administers the provincial fund called the Crop Reinsurance Fund of Alberta. Canada holds the federal fund called the Crop Reinsurance Fund of Canada for Alberta. The Crop Reinsurance Fund of Alberta is included as part of the production insurance surplus of the Corporation. Contributions to and withdrawals from the Funds are made in accordance with terms and conditions of the agreement (see Note 16). In addition, the Corporation carries reinsurance through private insurance companies. Amounts recoverable from private reinsurers on premiums and indemnities are recorded in Accounts receivable.

Reinsurance recoveries are not netted against indemnities; they are separately disclosed under revenue. Reinsurance expenses are not netted against premiums from insured persons or contributions from the Province and Government of Canada; they are separately disclosed under expenses.

(f) Loan Discounting

Loans made under the Alberta Disaster Assistance Loan Program, Alberta Farm Income Disaster Program, and amounts previously deferred under the Indexed Deferral Plan are discounted when they involve significant concessionary elements. The amounts discounted are being amortized to revenue over the lives of the concessionary terms.

Note 2 Significant Accounting Policies and Reporting Practices (continued)

(g) Revenue Recognition

All revenues including Contributions from the Government of Alberta and Canada are recognized on an accrual basis. For the Canadian Agriculture Income Stabilization (CAIS) program and AgriInvest and AgriStability programs, government contributions are based on program benefit payments to producers. For production insurance programs, it is based on premiums invoiced to producers.

Interest revenue on loans receivable is recognized on an accrual basis unless the ultimate collectability of the loan is in doubt. When a loan is classified as impaired, interest revenue is no longer recognized. An impaired loan is a loan in which there is risk of loss to the Corporation for full and timely collection of the debt. Impairment may be due to a security deficiency, inadequate cash flow, economic factors in a specific segment of the industry or a catastrophic event.

Loan fees are recognized when received or at the time of loan disbursement. Other fees are recorded when the Corporation completes the applicable service.

(h) Pensions

The Corporation participates in multi-employer pension plans with related government entities. Pension costs included in these statements comprise the cost of employer contributions for current service of employees during the year.

(i) Provision for Losses on Loans and Guarantees

Provisions are established for specifically identified potential losses on loans and guarantees. When a loan is identified as impaired, a specific provision is established. Specific provisions are established by reducing the recorded investment in the loan by the discounted fair value of the security and the estimated costs to collect. Specific provisions are determined in this manner because the amounts and timing of future cash flows cannot be estimated with reasonable reliability. The provision for doubtful accounts is adjusted for the change in the present value of the security held.

In addition to the specific provision, the Corporation establishes a general allowance for doubtful accounts not meeting the specific provision criteria. The general allowance is management's estimate of loss on loan balances based on assessed risk for each account. Risk for each account is determined based on credit risk score, arrears, certain amendments to loan terms and shortfalls of security covering loan balances.

(j) Transactions with Related Parties

The Province of Alberta and the Government of Canada significantly influence the programs delivered by the Corporation and are major contributors to the funding of the programs. Therefore, both governments are considered related parties. All related party transactions with the Province and the Government of Canada have been recorded at the amount of consideration paid or received as agreed to by the related party (see Note 15).

(k) Change Accounting Policies

The Corporation has changed its accounting policies to Canadian generally accepted accounting principles for the public sector as recommended by the Public Sector Accounting Board of the Canadian Institute of Chartered Accountants (PSAB). Contributions from Alberta and Canada previously deferred have been recognized as revenue. The change has been applied retroactively and the statement of financial position at March 31, 2007 and the statements of operations and cash flows for the year ended March 31, 2007 have been restated accordingly.

	Previously Reported	Restated
Statement of Financial Position		
Unearned revenue	$ 26,144	$ 6,411
Surplus	690,238	709,971
Statement of Operations		
Contribution from Province of Alberta	604,905	613,249
Contribution from Government of Canada	233,148	244,537
Statement of Cash Flows		
Surplus for the year	227,857	247,590
Non-cash items included in surplus	5,377	(14,356)

Note 3 Financial Structure

(a) Budget

The Board of Directors approved the Corporation's budget in March 2007. Provincial funding for the approved budget of $315,050 was authorized by the Legislative Assembly.

(b) Crop Fund Balance Restriction

In accordance with the Federal/Provincial Agricultural Policy Framework Implementation Agreement, the crop insurance fund is restricted to being used for production insurance purposes.

(c) Other Revenue and Expenses

The Other column in the Schedule of Revenue, Expense and Surplus includes the wildlife program, the Farm Income Disaster Program and consulting fees and expenses that are not attributable to any of the programs disclosed in the Schedule.

Note 4 Accounts Receivable

	2008	2007
Canadian Agricultural Income Stabilization program:		
Overpayments and advances	$ 69,572	$ 111,737
Administration fees	4,680	5,246
Premiums from insured persons:		
Production insurance program	8,589	9,395
Hail insurance program	177	365
Prepaid expenses	1,216	894
Other	2,151	3,005
	86,385	130,642
Less allowances for doubtful accounts (Note 12)	(6,661)	(9,420)
	$ 79,724	$ 121,222

CAIS overpayments are non-interest bearing until December 31, 2008. Participants will receive a rebate if they repay the CAIS overpayment within 90 days of the overpayment notification or they can convert the overpayment to a loan until December 31, 2008. If the overpayment is not repaid or converted to a loan, the Corporation will pursue collection. Collection will include the recovery of the overpayment from future payments under the programs delivered by the Corporation as well as programs administered by the Province of Alberta and Government of Canada.

Included in CAIS program overpayments and advances is $3,414 (2007 $15,391) for estimated overpayments that are subject to measurement uncertainty. The estimate of $3,414 is for CAIS participants who have received advance payments but have not yet had their final claims processed by the Corporation. The estimate is based on historical experience of advances resulting in overpayments.

The allowance for doubtful accounts of $6,661 (2007 $9,420) for estimated losses on premiums receivable and overpayments is also subject to measurement uncertainty. The allowance estimate is based on an assessment of the ability to collect the outstanding balance.

Note 5 Loans Receivable

Loans receivable are comprised of the following:

	2008			2007
	Farm	Commercial	Total	Total
Recorded investment	$ 903,955	$ 174,194	$ 1,078,149	$ 1,017,374
Specific allowance	(437)	(12,243)	(12,680)	(12,178)
General allowance	(13,827)	(761)	(14,588)	(18,499)
	889,691	161,190	1,050,881	986,697
Accrued interest	24,066	385	24,451	25,691
Accrued incentives	(1,522)	-	(1,522)	(2,030)
Loan discounts	(754)	-	(754)	(1,065)
Net carrying value	$ 911,481	$ 161,575	$ 1,073,056	$ 1,009,293

Impaired loans included in the preceding schedule:

	2008			2007
	Farm	Commercial	Total	Total
Recorded investment	$ 1,825	$ 20,578	$ 22,403	$ 25,294
Specific allowance	(437)	(12,243)	(12,680)	(12,178)
Net carrying value	$ 1,388	$ 8,335	$ 9,723	$ 13,116

The impaired loans balance includes property held for sale which has been acquired as a result of foreclosures, quit claims and other actions. There is a specific allowance of $2,146 (2007 $2,691) on property balances outstanding of $2,591 (2007 $3,115).

Included in the above loans receivable balance are loans with concessionary terms which, before discounting, have principal amounts outstanding of:

	2008	2007
Alberta Disaster Assistance Loan Program	$ 29,742	$ 35,582
Alberta Farm Income Disaster loans	12,949	16,538
Indexed Deferral Plan	341	516
	$ 43,032	$ 52,636

Included in Loans receivable is a specific allowance of $12,679 (2007 $12,178) and a general allowance of $14,589 (2007 $18,499) that are subject to measurement uncertainty. The amount established for specific and general allowances of $27,268 to cover estimated losses on loans (see Note 2(i)) could change substantially in the future, if factors considered by management in establishing these estimates were to change significantly.

Loans Receivable is secured by tangible assets consisting predominantly of land followed by building, equipment and other assets. The estimated values of such tangible securities are $1,996,813 (2007 - $2,065,082).

Fair values of loans receivable are not disclosed. Loans receivable consists of developmental loans with uncommon terms such as interest rate rebates/incentives, concessionary interest rates, provision for prepayments with no penalties, longer terms with fixed interest rates, interest rate determination policies and loans with relatively higher financial risks. Determining the fair values of loans receivable with sufficient reliability is not practical due to the absence of verifiable information from established financial markets for such loans.

Note 6 Investments

	2008	2007
Bonds and debentures:		
Government of Canada, direct and guaranteed	$ 228,040	$ 248,762
Other provincial direct and guaranteed	46,424	42,791
	274,464	291,553
Corporate securities	159,648	127,855
	434,112	419,408
Accrued interest	4,480	3,736
	$ 438,592	$ 423,144

The fair value of investments at March 31, 2008 is $443,770 (2007 $424,519). Fair value is based on quoted market prices including accrued interest.

Note 7 Property and Equipment

	Land	Building	Furniture and Fixtures	Computer Equipment and Software	2008 Totals	2007 Totals
	Infinite	25 - 40 years	10 years	2 - 10 years		
Cost						
Beginning of year	$ 347	$ 9,793	$ 4,388	$ 52,848	$ 67,376	$ 58,272
Additions	-	-	176	9,293	9,469	9,417
Disposals and writedown	-	-	(12)	(4,684)	(4,696)	(312)
	$ 347	$ 9,793	$ 4,552	$ 57,457	$ 72,149	$ 67,377
Accumulated amortization						
Beginning of year	$ -	$ 2,246	$ 2,626	$ 28,109	$ 32,981	$ 26,260
Amortization expense	-	355	927	6,100	7,382	6,815
Disposal and writedown	-	-	(7)	(4,557)	(4,564)	(93)
	$ -	$ 2,601	$ 3,546	$ 29,652	$ 35,799	$ 32,982
Net book value at March 31, 2008	$ 347	$ 7,192	$ 1,006	$ 27,805	$ 36,350	
Net book value at March 31, 2007	$ 347	$ 7,547	$ 1,762	$ 24,739		$ 34,395

Computer equipment and software costs include $4,742 (2007 $1,247) of costs incurred that are not amortized because they are still in the development stage.

Note 8 Indemnities Payable

	2008	2007
AgriInvest and AgriStability and related programs (previously CAIS program)	$338,909	$ 580,973
Production insurance	4,802	7,595
Wildlife compensation	212	2,171
Hail insurance	467	352
	$ 344,390	$ 591,091

Estimated indemnities payable of $338,909 and corresponding contributions and receivables from the Province of Alberta and Government of Canada for the AgriInvest and AgriStability programs (replacement of CAIS, effective the 2007 claim year) are subject to measurement uncertainty because they could change significantly in the future, if factors considered by management in establishing the estimates were to change significantly.

AgriInvest and AgriStability indemnities payable includes estimated payments for the 2007 claim years of $200,863 for the vast majority of claims that have not been received yet because the deadline for submission of complete information is after the end of the fiscal year. The program payments are triggered when the participants claim year program margin falls below their support level.

The two factors impacting estimated indemnities payable for the 2007 claim year are the number of participants and estimated program margins. The estimated number of participants for the 2007 claim year is based on the number of farm operations participating in the program during the 2006 claim year. The estimated program margins are based on forecasted changes in eligible income and expenses between 2006 and 2007. Based on historical experience of variability between forecasts and actual results of key assumptions, the estimated indemnities for the 2007 claim year of $200,863 would range from $156,400 to $245,400.

Indemnities payable includes estimated payments of $72,126 for claims received but not processed for the 2006 and prior claim years (2007 - $135,485 for the 2005 and prior claim years). The estimates for the 2006 claim year are based on the number of claims received but not yet processed and the estimated average payment per claim. Indemnities payable also includes estimated payments of $65,920 for related programs (2007 - $125,111). The related programs were approved by the Government of Alberta for the 2005 and 2006 claim years. The estimate is based on historical payment ratios for claims processed.

Note 9 Notes Payable

Notes payable to the Province of Alberta are comprised of the following:

Remaining Term to Maturity	Effective Interest Rate	2008	Effective Interest Rate	2007 (Restated)
Within 1 year	2.25% - 3.75%	$ 140,000	4.10% - 4.18%	$ 100,000
1 to 5 years	3.43% - 7.64%	319,877	3.75% - 7.64%	386,757
6 to 10 years	4.21% - 6.52%	377,084	4.21% - 6.52%	297,493
Over 10 years	4.43% - 5.12%	159,142	4.43% - 5.12%	139,482
Accrued interest		12,934		11,592
Unamortized discount		(2,318)		(3,953)
		$ 1,006,719		$ 931,371

Note 9 Notes Payable (continued)

Principal repayments due in each of the next five years are as follows:

Year ending March 31,	2009	$ 199,688
	2010	$ 56,088
	2011	$ 210,738
	2012	$ 91,900
	2013	$ 53,977

The approximate fair value at March 31, 2008 is $1,047,981 (2007 $953,325). Fair value is an approximation of market value to the holder.

Note 10 Unearned Revenue

Unearned revenue is comprised of $6,576 (2007 $6,411) of premiums received from producers for production insurance programs relating to the next fiscal year.

Note 11 Pensions

The Corporation participates in the multi-employer Management Employees Pension Plan and Public Service Pension Plan. The Corporation also participates in the multi-employer Supplementary Retirement Plan for Public Service Managers. The expense for these pension plans is equivalent to the annual contributions of $2,821 for the year ended March 31, 2008 (2007 $2,252).

At December 31, 2007, the Management Employees Pension Plan reported a deficiency of $84,341 (2006 $6,765) and the Public Service Pension Plan reported a deficiency of $92,070 (2006 surplus $153,024). At December 31, 2007, the Supplementary Retirement Plan for Public Service Managers had a surplus of $1,510 (2006 $3,698). The Corporation's share of these pension plans' surplus or deficiency is not determinable.

Note 12 Allowances for Doubtful Accounts and for Losses

	Accounts Receivable (Note 4)	Farm Lending Loans Receivable (Note 5)	Commercial Lending Loans Receivable (Note 5)	Loan Guarantees (Note 13)	2008 Total	2007 Total
Allowances at beginning of year	$ 9,420	$ 15,467	$ 15,210	$ 856	$ 40,953	$ 39,633
Provisions	(2,477)	(1,176)	10,047	(204)	6,190	2,527
Write-offs, net of recoveries	(282)	(27)	(12,253)	-	(12,562)	(1,207)
Allowances at end of year	$ 6,661	$ 14,264	$ 13,004	$ 652	$ 34,581	$ 40,953

Note: Under Loans receivable, write off in 2008 includes $10,409 (2007 $nil) in respect of one loan account under the Project Investor Financing program.

Note 13 Contingencies and Commitments

Contingent Liability

	2008	2007
Loan guarantees	$ 19,587	$ 26,336
Less allowances for losses (Note 12)	(652)	(856)
	18,935	25,480
Legal actions	180	800
Total contingencies	$ 19,115	$ 26,280

The majority of loan guarantees relate to loans made by other financial institutions with repayment guaranteed by the Corporation.

Legal actions represent amounts claimed or amounts claimed in excess of what was accrued. The outcome of the legal actions is not determinable at this time.

Commitments

	2008	2007
Approved, undisbursed loans	$ 59,250	$ 67,911
Reinsurance	9,229	16,742
Estimated farm loan incentives	7,400	11,929
Operating leases	740	858
Total commitments	$ 76,619	$ 97,440

The operating lease commitments are for accommodations with terms up to five years.

Note 14 Credit Risk and Interest Risk

(a) Credit Risk

Credit risk is the risk that a debtor may not pay amounts owing thus resulting in a loss.

The following breakdown of the loan receivables provides an indication of the concentration of credit risk on the loan portfolio. Significant information is provided throughout these statements to disclose other concentrations of credit risk.

	2008	2007
Loans receivable by sector:		
Grain and Oilseeds	$ 469,071	$ 420,841
Cattle	365,791	338,593
Other Livestock	60,404	48,599
Manufacturing	45,599	25,528
Accommodations and Other Services	45,458	72,508
Trade - Retail and Wholesale	31,184	24,546
Other	82,817	109,355
Allowance	(27,268)	(30,677)
	$ 1,073,056	$ 1,009,293

Note 14 Credit Risk and Interest Risk (continued)

(b) Interest Risk

Interest rate risk is the impact future changes of interest rates have on cash flows and fair value of assets and liabilities. The gap position presented in the following table is determined as at the close of business on March 31, 2008. The Corporation allows its customers to prepay their loans without any prepayment penalties. In the normal course of business, loan customers prepay their loans in part or full prior to the contractual maturity date. Therefore, the following position of AFSC Lending Operations may change significantly due to loan customer payment preferences and the Corporation's risk management practices.

	Term to Maturity [1]				Not [2] Interest	2008	2007
	Within 1 Year	1 to 5 Years	6 to 10 Years	Over 10 Years	Rate Sensitive	Total	Total
Loan balances	$ 100,619	$ 324,178	$ 311,117	$ 339,798	$ (2,656)	$ 1,073,056	$ 1,009,293
Yield [3]	6.22%	6.13%	6.01%	5.52%	-	6.05%	6.33%
Notes payable							
Province of Alberta	$ 199,688	$ 412,703	$ 295,485	$ 88,227	$ 10,616	$ 1,006,719	$ 931,371
Yield [3]	4.79%	4.94%	4.58%	3.84%	-	4.81%	4.97%
Net gap	$ (99,069)	$ (88,525)	$ 15,632	$ 251,571	$ (13,272)	$ 66,337	$ 77,922

The above gap analysis does not include the investment portfolio, which is disclosed separately below. Investments are not included because investments relate to insurance program cash flows which are managed separately from lending program cash flows.

The following provides a breakdown of the investment portfolio by term to maturity.

	Term to Maturity [1]				2008	2007
	Within 1 Year	1 to 5 Years	6 to 10 Years	Over 10 Years	Total	Total
Bonds and debentures	$ 69,278	$ 197,674	$ 1,971	$ 5,540	$ 274,463	$ 291,553
Yield [3]	4.24%	4.28%	5.51%	5.13%	4.29%	4.24%
Corporate Securities	-	159,648	1	-	159,649	127,855
Yield [3]	-	4.56%	-	-	4.56%	4.27%
	69,278	357,322	1,972	5,540	434,112	419,408
Accrued interest	446	3,940	14	79	4,479	3,736
	$ 69,724	$ 361,262	$ 1,986	$ 5,619	$ 438,591	$ 423,144

(1) For loans, term to maturity reflects the period of time to the maturity date of the loan. For notes payable, term to maturity reflects the contractual maturity date of the debt. The interest rates are fixed until maturity. Repayment is either by semi-annual, annual installments or full repayment at maturity of principal. For investments, term to maturity classifications are based on contractual maturity date of the security.

(2) Includes general provisions, accrued interest, accrued beginning farmer incentive and unamortized loan discount.

(3) For notes payable, investments and loans, yield represents the rate which discounts future cash receipts to the carrying amount.

Note 15 Related Party Transactions

Sufficient information is provided throughout these statements to disclose significant related party transactions the Corporation entered into, except for the following:

	2008	2007
Interest expense - Province of Alberta	$ 46,402	$ 45,135
Administration expense - Province of Alberta	1,710	508
Administration expense - Government of Canada	661	304

The Corporation entered into an agreement to deliver the CAIS Inventory Transition Initiative (CITI) as an agent of the Government of Canada. The Corporation paid $45,342 in CITI claims to eligible participants. The indemnities, administration expenses, and associated revenues are not included in the Statement of Operations. Included in Due from the Government of Canada is $944 for funding required to administer this program.

Note 16 Crop Reinsurance Funds

The contributions, withdrawals and accumulated surplus positions of the Crop Reinsurance Fund of Alberta and Crop Reinsurance Fund of Canada for Alberta are as follows (see Note 2(e)):

	Crop Reinsurance Fund of Alberta		Crop Reinsurance Fund of Canada for Alberta	
	2008	2007	2008	2007
Opening surplus	$ 17,713	$ 14,399	$ 18,513	$ 15,265
Contributions	1,265	3,314	1,142	3,248
Closing surplus	$ 18,978	$ 17,713	$ 19,655	$ 18,513

Note 17 Comparative Figures

The 2007 figures have been reclassified and restated where necessary to conform to 2008 presentation.

Agency - continued

Agriculture Financial Services Corporation - Schedule of Operations for the Year Ended March 31, 2008

Schedule 1
(in thousands)

	2008 Canadian Agricultural Income Stabilization	2007 Canadian Agricultural Income Stabilization (Restated)	2008 Production Insurance	2007 Production Insurance (Restated)	2008 Lending	2007 Lending (Restated)
Revenue:						
Premiums from insured persons	$ -	$ -	$ 114,452	$ 105,526	$ -	$ -
Interest	107	-	656	452	66,624	67,710
Contribution from Province of Alberta	146,654	424,349	108,667	182,020	1,989	3,478
Contribution from Government of Canada	28,055	146,216	102,504	93,330	-	-
Investment income	7,119	7,040	28,092	19,512	576	346
Fees and other income	10,020	12,734	62	67	1,704	7,624
	191,955	590,339	354,433	400,907	70,893	79,158
Expense:						
Indemnities	172,721	550,550	241,080	136,589	-	-
Administration (Schedule 2)	19,757	19,739	27,695	25,604	21,111	20,746
Interest	-	-	-	-	46,402	45,135
Reinsurance	-	-	15,000	16,271	-	-
Farm loan incentives	-	-	-	-	3,574	4,552
Provision for doubtful accounts and for losses (Note 13)	(1,978)	7,321	(363)	588	8,667	(5,494)
Selling commissions	-	-	-	-	-	-
	190,500	577,610	283,412	179,052	79,754	64,939
Surplus (deficit) for the year	1,455	12,729	71,021	221,855	(8,861)	14,219
Surplus at beginning of year	12,729	-	571,518	349,663	85,762	71,543
Surplus at end of year	$ 14,184	$ 12,729	$ 642,539	$ 571,518	$ 76,901	$ 85,762

Agency - continued

Agriculture Financial Services Corporation - Schedule of Operations for the Year Ended March 31, 2008

Schedule 1 continued

(in thousands)

	2008 Hail Insurance	2007 Hail Insurance (Restated)	2008 Other	2007 Other (Restated)	2008 Total	2007 Total (Restated) (Note 2(k))
Revenue:						
Premiums from insured persons	$ 31,649	$ 26,886	$ -	$ -	$ 146,101	$ 132,412
Interest	98	89	113	6	67,598	68,257
Contribution from Province of Alberta	-	-	4,506	3,402	261,816	613,249
Contribution from Government of Canada	-	-	5,598	4,991	136,157	244,537
Investment income	1,436	1,648	(27)	43	37,196	28,589
Fees and other income	418	422	703	345	12,907	21,192
	33,601	29,045	10,893	8,787	661,775	1,108,236
Expense:						
Indemnities	40,265	26,342	8,345	5,574	462,411	719,055
Administration (Schedule 2)	2,427	2,110	2,252	2,219	73,242	70,418
Interest	-	-	86	55	46,488	45,190
Reinsurance	698	558	-	-	15,698	16,829
Farm loan incentives	-	-	-	-	3,574	4,552
Provision for doubtful accounts and for losses (Note 13)	(132)	99	(4)	13	6,190	2,527
Selling commissions	2,122	2,075	-	-	2,122	2,075
	45,380	31,184	10,679	7,861	609,725	860,646
Surplus (deficit) for the year	(11,779)	(2,139)	214	926	52,050	247,590
Surplus at beginning of year	38,452	40,591	1,510	584	709,971	462,381
Surplus at end of year	$ 26,673	$ 38,452	$ 1,724	$ 1,510	$ 762,021	$ 709,971

Agency – continued
Agriculture Financial Services Corporation – Schedule of Administration Expenses
For the Year Ended March 31, 2008

Schedule 2
(in thousands)

	2008 Budget (Note 3(a))	2008 Actual	2007 Actual (Restated)
Salaries and benefits (Note 11)	$ 47,378	$ 46,267	$ 40,599
Amortization of capital assets	7,600	7,382	6,814
Contracted services	1,512	4,078	11,212
Travel and training	4,305	4,002	3,739
Office accomodation costs	2,821	3,694	1,864
Stationery and supplies	1,464	2,581	1,658
Data processing	947	1,639	1,387
Advertising	819	1,010	752
Telecommunications	913	856	647
Postage and freight	648	520	487
Professional services	869	474	546
Directors' fees and expenses	520	362	286
Equipment, rental and maintenance	360	252	325
Miscellaneous	108	125	102
	$ 70,264	$ 73,242	$ 70,418

Agency – continued
Agriculture Financial Services Corporation – Schedule of Salaries and Benefits
For the Year Ended March 31, 2008

Schedule 3
(in thousands)

	2008				2007
	Base Salary[1]	Other Cash Benefits[2]	Other Non-Cash Benefits[3]	Total	Total
Chairman of Board	$ 78	$ -	$ -	$ 78	$ 37
Board members[4]	152	-	-	152	158
President and Managing Director	247	96	58	401	333
Executive/Vice-Presidents					
Vice-President, Finance	165	35	41	241	231
Vice-President, Lending Operations	165	25	40	230	219
Vice-President, Risk Management	165	43	40	248	219

(1) Base salaries are fees for Chair and Board members and base pay for employees.

(2) Other cash benefits include bonuses, vacation payments and lump sum payments.

(3) Other non-cash benefits include employer's share of all employee benefits and contributions or payments made on behalf of employees, including health care, dental, medical and vision care allowance, group life insurance benefits, pension and supplementary retirement plan, employment insurance, accidental death/dismemberment and long-term disability insurance, workers' compensation and professional memberships. No amount is included in other non-cash benefits for an automobile provided to the President and Managing Director.

(4) The amounts relate to eight Board members during 2007/08 (eight in 2006/07).

Other Information

Summary of Financial Information

Information on this page has not been audited

Statement of Remissions, Compromises and Write-Offs for the Year Ended March 31, 2008

The following statement has been prepared pursuant to Section 23 of the *Financial Administration Act*. The statement includes all remissions, compromises and write-offs made or approved during the fiscal year.

Write-offs

Departmental accounts receivable	$	74,145
Agriculture Financial Services Corporation		12,562,252
Total remissions, compromises and write-offs	**$**	**12,636,397**

The following statement has been prepared pursuant to Section 75 of the *Financial Administration Act*. The statement includes all guarantees, indemnities, payments and recoveries made during the fiscal year.

Statement of Guarantees and Indemnities Given by Provincial Corporations for the Year Ended March 31, 2008

Program/Borrower		Amount of Guarantee or Indemnity	Payments		Recoveries
Agriculture Financial Services Corporation	$	1,250,000	9,201	$	6,327
Total guarantees and indemnities given	**$**	**1,250,000**	**9,201**	**$**	**6,327**

Alphabetical List of Government Entities' Financial Statements in Ministry 2007 – 2008 Annual Reports

Entities included in the Consolidated Government Reporting Entity

Ministry, Department, Fund or Agency	Ministry Annual Report
Access to the Future Fund	Advanced Education and Technology
Agriculture Financial Services Corporation	Agriculture and Food
Alberta Alcohol and Drug Abuse Commission	Health and Wellness
Alberta Cancer Prevention Legacy Fund	Finance
Alberta Capital Finance Authority	Finance
Alberta Energy and Utilities Board[1]	Energy
Alberta Foundation for the Arts	Tourism, Parks, Recreation and Culture
Alberta Gaming and Liquor Commission	Solicitor General and Public Security
Alberta Heritage Foundation for Medical Research Endowment Fund	Finance
Alberta Heritage Savings Trust Fund	Finance
Alberta Heritage Scholarship Fund	Finance
Alberta Heritage Science and Engineering Research Endowment Fund	Finance
Alberta Historical Resources Foundation	Tourism, Parks, Recreation and Culture
Alberta Insurance Council	Finance
Alberta Investment Management Corporation[2]	Finance
Alberta Local Authorities Pension Plan Corporation	Finance
Alberta Pensions Administration Corporation	Finance
Alberta Petroleum Marketing Commission	Energy
Alberta Research Council Inc.	Advanced Education and Technology
Alberta Risk Management Fund	Finance
Alberta School Foundation Fund	Education
Alberta Securities Commission	Finance
Alberta Social Housing Corporation	Municipal Affairs and Housing
Alberta Sport, Recreation, Parks and Wildlife Foundation	Tourism, Parks, Recreation and Culture
Alberta Treasury Branches	Finance
Alberta Utilities Commission[1]	Energy
ATB Insurance Advisors Inc.	Finance
ATB Investment Management Inc.	Finance
ATB Investment Services Inc.	Finance
ATB Securities Inc.	Finance
Child and Family Services Authorities:	Children's Services
Calgary and Area Child and Family Services Authority	
Central Alberta Child and Family Services Authority	
East Central Alberta Child and Family Services Authority	
Edmonton and Area Child and Family Services Authority	
North Central Alberta Child and Family Services Authority	
Northeast Alberta Child and Family Services Authority	
Northwest Alberta Child and Family Services Authority	
Southeast Alberta Child and Family Services Authority	
Southwest Alberta Child and Family Services Authority	
Metis Settlements Child and Family Services Authority	
C-FER Technologies (1999) Inc.	Advanced Education and Technology
Climate Change and Emissions Management Fund[3]	Environment
Credit Union Deposit Guarantee Corporation	Finance

1 Effective January 1, 2008, the Alberta Energy and Utilities Board was realigned into two separate regulatory bodies: the Alberta Utilities Commission and the Energy Resources Conservation Board.

2 Began operations January 1, 2008

3 Began operations July 1, 2007

Ministry, Department, Fund or Agency	Ministry Annual Report
Colleges:	Advanced Education and Technology
Alberta College of Art and Design	
Bow Valley College	
Grande Prairie Regional College	
Grant MacEwan College	
Keyano College	
Lakeland College	
Lethbridge Community College	
Medicine Hat College	
Mount Royal College	
NorQuest College	
Northern Lakes College	
Olds College	
Portage College	
Red Deer College	
Department of Advanced Education and Technology	Advanced Education and Technology
Department of Agriculture and Food	Agriculture and Food
Department of Children's Services	Children's Services
Department of Education	Education
Department of Energy	Energy
Department of Finance	Finance
Department of Environment	Environment
Department of Health and Wellness	Health and Wellness
Department of Municipal Affairs and Housing	Municipal Affairs and Housing
Department of Seniors and Community Supports	Seniors and Community Supports
Department of Solicitor General and Public Security	Solicitor General and Public Security
Department of Sustainable Resource Development	Sustainable Resource Development
Department of Tourism, Parks, Recreation and Culture	Tourism, Parks, Recreation and Culture
Energy Resources Conservation Board[1]	Energy
Environmental Protection and Enhancement Fund	Sustainable Resource Development
Gainers Inc.	Finance
Government House Foundation	Tourism, Parks, Recreation and Culture
Historic Resources Fund	Tourism, Parks, Recreation and Culture
Human Rights, Citizenship and Multiculturalism Education Fund	Tourism, Parks, Recreation and Culture
iCORE Inc.	Advanced Education and Technology
Lottery Fund	Solicitor General and Public Security
Ministry of Advanced Education and Technology	Advanced Education and Technology
Ministry of Agriculture and Food	Agriculture and Food
Ministry of Children's Services	Children's Services
Ministry of Education	Education
Ministry of Employment, Immigration and Industry[4]	Employment, Immigration and Industry
Ministry of Energy	Energy
Ministry of Environment	Environment
Ministry of Executive Council[4]	Executive Council
Ministry of Finance	Finance
Ministry of Health and Wellness	Health and Wellness
Ministry of Infrastructure and Transportation[4]	Infrastructure and Transportation
Ministry of International, Intergovernmental and Aboriginal Relations4	International, Intergovernmental and Aboriginal Relations
Ministry of Justice[4]	Justice
Ministry of Municipal Affairs and Housing	Municipal Affairs and Housing
Ministry of Seniors and Community Supports	Seniors and Community Supports
Ministry of Service Alberta[4]	Service Alberta
Ministry of Solicitor General and Public Security	Solicitor General and Public Security

1 Effective January 1, 2008, the Alberta Energy and Utilities Board was realigned into two separate regulatory bodies: the Alberta Utilities Commission and the Energy Resources Conservation Board.

4 Ministry includes only the departments so separate departmental financial statements are not necessary.

Ministry, Department, Fund or Agency	Ministry Annual Report
Ministry of Sustainable Resource Development	Sustainable Resource Development
Ministry of Tourism, Parks, Recreation and Culture	Tourism, Parks, Recreation and Culture
Ministry of the Treasury Board [4]	Treasury Board
N.A. Properties (1994) Ltd.	Finance
Natural Resources Conservation Board	Sustainable Resource Development
Persons with Developmental Disabilities Community Boards:	Seniors and Community Supports
Calgary Region Community Board	
Central Region Community Board	
Edmonton Region Community Board	
Northeast Region Community Board	
Northwest Region Community Board	
South Region Community Board	
Persons with Developmental Disabilities Provincial Board[5]	Seniors and Community Supports
Provincial Judges and Masters in Chambers Reserve Fund	Finance
Regional Health Authorities and Provincial Health Boards:	Health and Wellness
Alberta Cancer Board	
Alberta Mental Health Board	
Aspen Regional Health Authority	
Calgary Health Region	
Capital Health	
Chinook Regional Health Authority	
David Thompson Regional Health Authority	
East Central Health	
Health Quality Council of Alberta	
Northern Lights Health Region	
Peace Country Health	
Palliser Health Region	
Safety Codes Council	Municipal Affairs and Housing
School Boards and Charter Schools:	Education
Almadina School Society	
Aspen View Regional Division No. 19	
Aurora School Ltd.	
Battle River Regional Division No. 31	
Black Gold Regional Division No. 18	
Boyle Street Education Centre	
Buffalo Trail Public Schools Regional Division No. 28	
Calgary Arts Academy Society	
Calgary Girls' School Society	
Calgary Roman Catholic Separate School District No. 1	
Calgary School District No. 19	
Calgary Science School Society	
Canadian Rockies Regional Division No. 12	
CAPE-Centre for Academic and Personal Excellence Institute	
Chinook's Edge School Division No. 73	
Christ the Redeemer Catholic Separate Regional Division No. 3	
Clearview School Division No. 71	
East Central Alberta Catholic Separate Schools Regional Division No. 16	
East Central Francophone Education Region No. 3	
Edmonton Catholic Separate School District No. 7	
Edmonton School District No. 7	
Elk Island Catholic Separate Regional Division No. 41	
Elk Island Public Schools Regional Division No. 14	
Evergreen Catholic Separate Regional Division No. 2	
FFCA Charter School Society	
Foothills School Division No. 38	
Fort McMurray Roman Catholic Separate School District No. 32	

4 Ministry includes only the departments so separate departmental financial statements are not necessary.

5 Ceased operations June 30, 2006

Ministry, Department, Fund or Agency	Ministry Annual Report
Fort McMurray School District No. 2833	
Fort Vermilion School Division No. 52	
Golden Hills School Division No. 75	
Grande Prairie Public School District No. 2357	
Grande Prairie Roman Catholic Separate School District No. 28	
Grande Yellowhead Regional Division No. 35	
Grasslands Regional Division No. 6	
Greater North Central Francophone Education Region No. 2	
Greater Southern Public Francophone Education Region No. 4	
Greater Southern Separate Catholic Francophone Education Region No. 4	
Greater St. Albert Catholic Regional Division No. 29	
High Prairie School Division No. 48	
Holy Family Catholic Regional Division No. 37	
Holy Spirit Roman Catholic Separate Regional Division No. 4	
Horizon School Division No. 67	
Lakeland Roman Catholic Separate School District No. 150	
Lethbridge School District No. 51	
Living Waters Catholic Regional Division No. 42	
Livingstone Range School Division No. 68	
Medicine Hat Catholic Separate Regional Division No. 20	
Medicine Hat School District No. 76	
Moberly Hall School Society	
Mother Earth's Children's Charter School Society	
New Horizons Charter School Society	
Northern Gateway Regional Division No. 10	
Northern Lights School Division No. 69	
Northland School Division No. 61	
Northwest Francophone Education Region No. 1	
Palliser Regional Division No. 26	
Parkland School Division No. 70	
Peace River School Division No. 10	
Peace Wapiti School Division No. 76	
Pembina Hills Regional Division No. 7	
Prairie Land Regional Division No. 25	
Prairie Rose School Division No. 8	
Red Deer Catholic Regional Division No. 39	
Red Deer School District No. 104	
Rocky View School Division No. 41	
St. Albert Protestant Separate School District No. 6	
St. Paul Education Regional Division No. 1	
St. Thomas Aquinas Roman Catholic Separate Regional Division No. 38	
Sturgeon School Division No. 24	
Suzuki Charter School Society	
Westmount Charter School Society	
Westwind School Division No. 74	
Wetaskiwin Regional Division No. 11	
Wild Rose School Division No. 66	
Wolf Creek School Division No. 72	
Supplementary Retirement Plan Reserve Fund	Finance
Technical Institutes and The Banff Centre:	Advanced Education and Technology
Northern Alberta Institute of Technology	
Southern Alberta Institute of Technology	
The Banff Centre for Continuing Education	
Universities:	Advanced Education and Technology
Athabasca University	
The University of Alberta	
The University of Calgary	
The University of Lethbridge	
Victims of Crime Fund	Solicitor General and Public Security
Wild Rose Foundation	Tourism, Parks, Recreation and Culture

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